Daily Report

Latin America

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Cuba

First Rafters Intercepted by U.S. Coast Guard Returned

FL1005001995 Havana Radio Rebelde Network in Spanish 2300 GMT 09 May 95

[Report by Zenaid Costales; from the "Exclusive" program]

[FBIS Translated Text] [Costales] Today at noon, U.S. Coast Guard vessel no. 628 moored in the port of Cabanas, Pinar del Rio Province, returning 13 Cuban rafters intercepted at sea. This was in compliance with the recent migration accord reached between Cuba and the United States, and simultaneously announced at noon on 2 May. In the accord, the United States pledged to return to Cuban territory any emigrants intercepted at sea, and the Cuban Government agreed that none of the returned emigrants would be harmed in any way. In keeping with the agreement, the rafters were greeted by officials from the U.S. Interests Section in Cuba who climbed aboard before releasing the rafters to the Cuban authorities. Foreign Ministry official Dagoberto Rodriguez as well as Cuban Border Guard officers represented the Cuban side.

The 13 rafters were later moved to a processing center to complete the necessary paperwork and to undergo a medical check-up, after which the rafters left for their homes. Moments before, some of them spoke with reporters, and said the following:

[Begin recording] [Unidentified rafter] With this change, the demonstrated seriousness of this policy, it shows once again that the accords are serious. In this case, it was our turn. It had to be someone's turn. [end recording]

Regarding a question about whether being the first illegal emigrants returned to Cuba gave them any type of privilege to travel to the United States, they replied:

[Begin recording] [Unidentified rafter] They did not promise us anything. They simply gave us this, and an open pass to enter the U.S. Interests Section. I hope they will later fill out the necessary paperwork.

[Unidentified rafter] What they gave us is a pass to enter the U.S. Interests Section in Cuba, to initiate the migration process.

[Costales] How were you treated by the Cuban authorities?

[Unidentified rafter] The treatment has been good. It has been good. We have no complaints about the treatment received from Cuban authorities upon our return. [end recording]

[Costales] Last Saturday, these people were adrift near the Cayman Islands when they were picked up by the cruise ship, Majesty of the Seas [previous name in English], from which they were transferred to a U.S. Coast Guard cutter.

U.S. Repatriation of 13 Rafters Considered 'Historic'

PA1005000295 Havana PRENSA LATINA in Spanish 2145 GMT 9 May 95

[FBIS Translated Text] Havana, 9 May (PL) — In keeping with a recent agreement to normalize the migratory relations between Cuba and the United States, 13 Cubans who were intercepted on the high seas while illegally traveling to the United States, were repatriated to Cuba today.

At 1210 (1610 GMT) today, a U.S. Coast Guard ship docked at the western Cabanas Port, approximately 100 km from Havana, with the 13 rafters (all men), who were handed over to Cuban authorities by officials of the U.S. Interest Section (SINA) in this country.

Cuban Foreign Ministry official Dagoberto Rodriguez, Border Guard Troops officers, and other representatives of appropriate institutions received the repatriated Cubans as they got off the U.S. 628 Coast Guard vessel.

Sandra Joyce Salmon, first secretary for consular affairs of the U.S. diplomatic mission, and Deputy Consul Ted O'Connor informed the illegal emigres, who were on board a U.S. Coast Guard service ship, of their rights to emigrate in a legal manner as of this date.

According to what PRENSA LATINA was able to find out at the site where the Cubans were turned over, SINA officials explained to the rafters that to make trips to the United States feasible, there is a family reunification program, one for refugees, and another that is based on a special lottery.

They were also given a document to enter the Interest Section to request any information or report any problem that may arise when they return to their country of origin.

The two governments announced a joint declaration on 2 May stating that all Cubans intercepted while attempting to enter the United States without documents as of that day would be deported.

The understanding also stipulated that approximately 21,000 rafters currently confined at the Guantanamo Naval Base will be admitted to the United States and that only a minority that did not qualify will have to return to its places of residence.

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The event — the first after the announcement — was considered historic by national and foreign reporters present at the site, because it is the first time since the mercenary Bay of Pigs invasion (1961) that a U.S. military vessel has touched the Cuban coast, this time on a peace mission.

Since the victory of the Cuban Revolution in 1959, this is the first time U.S. authorities are returning illegal Cuban emigres intercepted on the high seas. Up to a week ago, they were well received and immediately given the status and benefits of political refugees.

The official delivery of the rafters ended at 1317 (1417 GMT). The repatriated Cubans, dressed in shorts and T-shirts, disembarked and, according to what was reported, will have to go to a reception center to undergo medical exams and other procedures before returning to their homes, in the province of Camaguey.

Deported Cubans Say Migratory Agreement 'Acceptable'

PA1005042695 Havana PRENSA LATINA in Spanish 0302 GMT 10 May 95

[FBIS Translated Text] Havana, 9 May (PL) — With evident signs of the days they spent at sea, but in good health, the Cubans who were repatriated by the United States today considered acceptable the recent bilateral migration agreement.

Questioned by PRENSA LATINA, Cesar Cabale, one of the 13 illegal immigrants intercepted at sea on Thursday [4 May] and returned by the U.S. Coast Guard, considered the measure valid but said it would have been better if it had been adopted much earlier.

He said: "If the treaty had been implemented earlier, many problems would have been avoided, both for the Cuban authorities, the U.S. authorities, and ourselves, because we are the ones interested in migrating."

He said that they were treated in a much friendlier manner in the first U.S. Coast Guard boat, but, once transferred to another one, they were told that orders had been received from Washington and their requests were disregarded. He said that in the second boat, they were treated in a more formal manner and never met the captain.

Cabale, who had previously tried to illegaly depart, had started the pertinent procedures with the U.S. authorities accredited to Havana, but "the documents received no reply, they were not acknowleged."

Meanwhile, David Rodriguez Malpica, a physical education teacher, — like Cabale, unemployed when he left the island — said "the law is all right" because it protects the rafters who go out to sea. He admitted that "many drown and never make it."

David Rodriguez Malpica and his brother Ivan, whose mother resides in the United States, admitted that they have never requested the necessary documents to travel to that country but they hope to be able to do so in the future.

The same was stated by Cabale and Augusto Ochoa, who were holding information delivered by diplomats from the U.S. Interests Office (SINA) here. They stated their confidence that they will be taken into consideration in processing their departure through the established channels.

Victor Frias, also unemployed at the time of his departure from Cuba through southern Camaguey Province (where all the deported people reside), admitted the dangers involved when going out to sea in a fragile craft so, regarding the agreement, the protection of lives is a positive action.

Likewise, Jose Ricardo Arias and Lazaro Antonio Rodriguez said the decision announced by the two governments on 2 May "is not exactly bad, but it affected us after we tried to reach the United States for several days."

The 13 Cubans (all men between the ages of 28 and 45) arrived on Tuesday at the port of Cabanas, approximately 100 km west of this capital. They were received by SINA diplomats and turned over to Foreign Ministry officials and officers of the Cuban Border Guard Troops.

They were later transferred to a reception center and subjected to medical tests before traveling by land to their homes in Camaguey.

Upon boarding the bus, Augusto Ochoa summed up another side of the odyssey they experienced in their efforts to reach the U.S. coast. "I have abused my luck too much. Any other decision will be adopted without violating (Cuban or U.S.) laws or risking my life," he said.

Meanwhile, in Washington, the new Cuban-U.S. agreement resulted in statements advocating or opposing the repatriation of illegal Cuban immigrants.

Different U.S. groups considered it positive, while extreme right groups of Cuban origin termed it "the wrong policy," in protests led by Congressman Lincoln Diaz-Balart, who was arrested for violating White House security laws.

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Japanese Legislator Objects to U.S. Blockade

FL0705225395 Havana Radio Rebelde Network in Spanish 2300 GMT 5 May 95

[From the "Exclusive" program]

[FBIS Translated Text] Japanese Senator Osamu Yatabe, head of the Japanese Diet's House of Councillors Foreign Policy Committee, reiterated in an interview with AIN today that he objects to the U.S. blockade of Cuba. Yatabe, who heads a delegation of Japanese legislators visiting Cuba, said that he will argue against the U.S.-imposed economic blockade of Cuba in the Japanese Diet. He also pointed out that many nations protest the economic sanctions against Cuba and that he believes Japan will join the protest.

In a related development, the regional office of the International Democratic Women's Federation has called for the condemnation of the Helms-Burton bill, which seeks to reinforce the unfair U.S. blockade of Cuba. A protest note sent to regional and internationally affiliated organizations continent-wide highlighted the invasive nature and international illegality of the bill sponsored by U.S. Senator Jesse Helms.

[Havana Tele Rebelde Network in Spanish at 1630 GMT on 6 May adds in a brief report during the regularly scheduled afternoon "NTV" newscast that Yatabe and the Japanese delegation met Cuban Foreign Minister Roberto Robaina and toured Expocuba and a Havana farmers market on 6 May.]

More of Alarcon's Remarks on Helms-Burton Bill

FL0605185395 Havana Tele Rebelde Network in Spanish 0109 GMT 6 May 95

[Remarks by Ricardo Alarcon, president of the National Assembly of the People's Government, at the Helms-Burton bill hearings sponsored by the Santa Fe Committee for the Defense of the Revolution; date not given; from the "This Very Day" program — recorded]

[FBIS Translated Text] Many people expected the blockade of Cuba to be lifted and the hemisphere to be offered a shot at stability with the disappearance of the USSR and the Socialist bloc five years ago and an end to the conflict that pitted the USSR against the United States. The opposite is taking place: They maintain the blockade and have even strengthened and intensified it.

They have wasted a lot of ink writing so much about the fall of the Revolution. Many books refer to the Cuban Revolution's final hour, Castro's final hour, the last moment, the last minute, and so on. They are still waiting for the Cuban Revolution's famed final hour five years after those books were published.

Approving the Torricelli Law in 1992 made matters even worse. European socialism had collapsed two years earlier, reinforcing the harmful blockade so that it would have maximum effect on us. The law sought to end Cuba's trade with other countries, affect foreign investment in Cuba, and punish those enterprises or countries that do business with Cuba. Torricelli himself said when the law was approved that it represented the last push toward ending the Cuban Revolution. The last push came three years ago: We are still here, they are still there. Torricelli and others today believe that another tougher, more aggressive law is needed to serve as yet another last push.

You must understand two things about the Helms-Burton bill:

You must understand that it goes beyond what has been implemented in the past. It is reprehensible, illegal, immoral, and every other name we can call it. It aims to create more difficulties and problems for Cuba.

You must also understand the reason for taking new measures to reinforce the blockade of Cuba: Simply put, the blockade hurts us in that it creates problems we Cubans experience every day.

They have not been able to force such a policy on all countries. Although they have not succeeded in ending Cuba's trade with many countries, they have succeeded in preventing many people from investing in Cuba. They find it necessary to implement new measures, despite all of the suffering we have experienced in the five years since the USSR disappeared and in the three years since the blockade was reinforced. They are throwing a tantrum. They sound like someone who has been defeated and must implement tougher and more aggressive measures to see if he can force others to obey his precious blockade.

We should point out that the Helms-Burton bill was introduced in January 1995. A number of foreign delegations have visited Cuba since then. Legislators, politicians, and other visitors have publicly rejected the U.S. blockade policy without exception.

The many businessmen from European, Latin American, and other nations who have visited Cuba have shown no sign of being scared off by the Helms-Burton bill's implied threats. Rest assured that even if the bill were to pass and our problems were to multiply, they still would not be able to implement an effective blockade in which all nations would participate. Nobody has shown any signs of surrendering.

Enterprises that currently have no business ties with Cuba or weaker and smaller enterprises could be scared away. However, they will not succeed in banning all

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contacts and relations with other enterprises and other countries. They could only slow down and burden the economic recovery process, which is based on the Revolution's strategy of finding new trade partners, investments, and so on.

Program Begun To Educate Youth on 'Macabre Yankee Bill'

FL0805200195 Havana Radio Rebelde Network in Spanish 1700 GMT 8 May 95

[From the "National Radio News"]

[FBIS Translated Text] Teachers and professors all over Cuba are focused on informing students about the Helms-Burton bill in detail. Education Minister Luis Ignacio Gomez addressed the issue today.

[Begin Gomez recording] We are informing the schools on the details of the project, and are also working on presenting Cuban-U.S. relations in their historical context so that our children and youth understand that — as is unfortunately sometimes ignored — differences between Cuba and the United States did not arise as a result of our socialist Revolution, but have historic precedents; and that when one reads the Helms-Burton bill which, of course, transcends the Platt Amendment and all previous annexation attempts, it is much more monstrous. Our students will learn that this is a continuation of a policy of aggressiveness and imperial design that should be included in the study of our history, as well as understanding the importance of studying these events. I believe there is no doubt the study of this macabre Yankee bill will further unite our teachers and students in solidarity with the Revolution because it's intent will be exposed, and there will not be one Cuban, one child — there will be no one — who will allow their child care centers, schools, boarding schools, job, home, or sports centers to be taken from them. I truly believe that those who think they can defeat the Revolution with this proceeding are committing a serious mistake. [end recording]

Foreign Trade Minister on Agreement With Russia

PA1005034695 Havana PRENSA LATINA in Spanish 0122 GMT 9 May 95

[FBIS Translated Text] Havana, 8 May (PL) — Cuban Foreign Trade Minister Ricardo Cabrisas said upon his return from Moscow that talks will soon be held to stabilize oil and sugar shipments between the two countries.

Russia signed a commercial protocol with Cuba in which it agreed to exchange 3.5 million tonnes of oil for approximately 1 million tonnes of Cuban sugar.

During an interview for a local radio station, Ricardo Cabrisas said that he foresees the implementation of this bilateral agreement by the first quarter of next year.

The minister emphasized the importance of this accord as an intitial commercial step at the government level and added that now the discussion and signing of the relevant agreements is up to the enterprises from the two countries.

A delegation from Moscow is expected to visit Havana in the next few weeks to reactivate some areas of mutual interest and set forth the grounds for a program of activities for a joint intergovernmental committee, Cabrisas announced.

He anticipated the success of another Russian delegation linked to the energy sector that will arrive in Cuba by the end of this month.

After the demise of the socialist bloc and the disintegration of the Soviet Union, Cuba saw oil supplies drop by more than half the 13 million annual tonnes it was receiving until 1990.

Russian Trade Agreement Signed for Sugar, Oil, Options

FL0505151795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 5 May 95

[From the "NTV" newscast]

[FBIS Translated Text] Russia and Cuba signed a trade agreement for the current year, which was described as appropriate. The representatives of the two countries pointed out the joint efforts, and willingness to continue strengthening bilateral ties. Russian Deputy Chairman Oleg Davydov, who is also Minister of Foreign Economic Relations, and Cuban Foreign Trade Minister Ricardo Cabrisas signed the agreement in Moscow. The new accord includes the exchange of 3 million tonnes of Russian oil for approximately 1 million tonnes of Cuban sugar through the first quarter of 1996, options for the completion of the Juragua Power Plant, and the reactivation of Cuba's $350 million credit.

Economic Agreement, Joint Communique Signed With Bolivia

PA0705042295 Havana PRENSA LATINA in Spanish 0139 GMT 7 May 95

[FBIS Translated Text] Havana, 6 May (PL) — Cuban President Fidel Castro today attended a reception hosted by Juan Franklin Anaya, Bolivian ambassador in this capital city, on the occasion of the signing of several documents aimed at strengthening relations between the two countries.

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Roberto Robaina and Antonio Aranibar, the Cuban and Bolivian foreign ministers, respectively, signed a partial agreement on reciprocal protection of investments, exchanged letters drafted by the mixed intergovernmental commission, and signed a joint communique.

Robaina expressed the Cuban Government's and people's satisfaction with the successful outcome of the visit by his counterpart. The visit strengthens the existing relations that have been bolstered by the presidents of Bolivia and Cuba.

Regarding the signed documents, he said they are conducive to achieving agreements of mutual benefit.

Aranibar said he was very pleased to have visited the island and expressed the certainty that the ties of friendship and commercial cooperation between the two countries will be strengthened.

Cuba and Bolivia, he added, have much to exchange in the political and economic fields for the benefit of their peoples.

In the joint communique, the Bolivian foreign minister expressed his government's rejection of any attempt to tighten the policy of isolation against Cuba, which affects the Cuban people's sovereignty and self-determination.

The Cuban foreign minister reiterated the support of the Cuban Government for the legitimate interests of the Bolivian Government and people to find a solution to their problem of access to the sea and urged that a peaceful and permanent solution be found to this unrenounceable right of the Bolivian people.

Foreign Minister Returns to Bolivia

FL0805180795 Havana Tele Rebelde Network in Spanish 1630 GMT 8 May 95

[From the "NTV" newscast]

[FBIS Translated Text] Bolivian Foreign Minister Antonio Aranibar ended his three-day visit to Cuba on 8 May.

During his visit, Aranibar met Commander in Chief Fidel Castro and signed important agreements with Cuban Foreign Minister Roberto Robaina for the development of bilateral relations .

Lage Emphasizes Efficient Production to Recover Capacity

FL0905161995 Havana Radio Reloj Network in Spanish 1402 GMT 9 May 95

[FBIS Translated Text] Cuba's objective should be to maximize its productive capacity, as before, and produce more, said Carlos Lage during a meeting announcing the conclusions of the first governmental inspection of the Ministry of Construction Materials Industry. Lage added that the economy's reconstruction implies efficient production during the time it will take us to recover our productive capacity and then increase our capacity. Lage criticized a report which points out that the Ministry of Construction Materials Industry is in a recovery process because, as he said, we are far from that, especially if we consider that last year we only reached 27 percent of 1989's production. Lage also stated that the inspections must be broader and more extensive, and he pointed out that the Food Industry Ministry will be the next to undergo an inspection.

With regard to the rationalization program — something which is needed in a search for economic efficiency — Lage reiterated that this must be done in the enterprises, but without closing our eyes to Cuba's problems and the problems at the provincial level because critical employment difficulties could arise. Lage added that the rationalization process must be gradual and that the socialist entity [entidad socialista] must not ignore its results. Lage also noted that Cuba's objective is to increase production and to satisfy the people's needs, but to do this we must balance our internal economy and the budget.

Lage said foreign investments and the creation of economic associations should not be the only means of achieving efficiency and increased production. Lage explained that our cement enterprises must become as efficient as the joint venture cement enterprises or even more and that the state's enterprises should utilize the joint venture enterprises' positive experiences.

Among the Ministry of Construction Materials Industry's positive results during the last few years, Lage highlighted the efforts made to enter into foreign markets and the use of Cuban crude oil in its productions. Finally, Lage stated that Cuba is currently in a different moment than in 1990 because we have been able to resist the impact and preserve our capacity.

Mexican Firm Heightens Commitment to Investment

PA0905123395 Mexico City NOTIMEX in Spanish 1936 GMT 8 May 95

[By correspondent Gerardo Arreola]

[FBIS Translated Text] Havana, 8 May (NOTIMEX) — It was reported here today that Domos International, which is owned by Javier Garza Sepulveda of Mexico, has become the most important firm in Cuba because of its investment commitments and the extent of its projects.

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Domos controls 49 percent of the Cuban Telecommunications Enterprise [ETECSA] created in December 1994 to modernize the island's aging telecommunications system over the next seven years with a 25-year concession.

Manuel Cerrillo, Domos's director in Cuba, told NOTIMEX he has no figures on recent Mexican investments in the real estate and tourist sectors, but, he said, negotiations "are progressing" and "they involve significant amounts."

One expert on the nascent influx of foreign capital onto the island has noted that Domos "has jumped full force into the area of services — one of the sectors that undoubtedly will gain strength and dynamism in the mid-term in Cuba." Although corporations from other countries are participating in strategic Cuban sectors, such as nickel, petroleum, and sugar, "they are investing less capital and their risks are fewer" than those of the Mexican enterprise, the expert said.

While 51 percent of ETECSA is owned by the Cuban state, at the end of last month Garza Sepulveda was elected president of the consortium's Administrative Council. The consortium's global investment will total approximately $1.5 billion.

In April, STET, an Italian corporation that was a Cuban partner in a telephone enterprise that operated with dollar tariffs, acquired a share of Mexican Inter-American Telecommunications — a Domos subsidiary participating in ETECSA. The old Italian-Cuban partnership known as Intertel, which operates approximately 10,000 commercial and residential lines, now forms part of the international telephone operational network of the new conglomerate.

Domos is negotiating a project to build an industrial park in Havana in conjunction with local authorities. The plan includes the construction of plants to produce items for local consumption and export.

The Mexican group also is discussing tourist projects in Havana; in Trinidad, a colonial town 338 km southeast of the capital; and in Cayo Largo, a cay in the southern part of the country.

Cuban Tourism Vice Minister Eduardo Rodriguez de la Vega has said: "We are negotiating in several areas with Domos, and we are very interested in concluding these negotiations."

Cerrillo said Garza Sepulveda decided to intensify his investment strategy on the island because of "the seriousness and professionalism" of the Cuban Government. He noted: "Even if an agreement is only verbal, the commitment is always firm."

A joint enterprise will manage the industrial park, which could be located near Jose Marti International Airport in Havana's Rancho Boyeros Municipality. The Cubans will provide the land and Domos will construct the roadways, buildings, and communications network with ETECSA, according to the plan.

Tourist projects involving activities other than the conventional hotel construction business and administration contracts are aimed at creating conditions and guaranteeing services to build vacation centers.

Agriculture Minister Announces Record Potato Harvest

FL0905010695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 7 May 95

[From the "NTV" newscast]

[FBIS Translated Text] The nation registered the best potato harvest in history. Agriculture Minister Alfredo Jordan Morales stated that the recently concluded potato harvest recorded the highest levels, with average yields of 6,299 quintals per caballeria, and a total production of 6.3 million quintals. The most outstanding provinces were Cienfuegos, Ciego de Avila, Matanzas, and Havana, which together produced more than 70 percent of the total. Jordan also praised the efforts of the Basic Cooperative Production Units, the members of the contingents, the soldiers of the Youth Labor Army, and the soldiers of the Revolutionary Armed Forces. Jordan highlighted that the reasons for the good harvest were proper soil preparation, timely irrigation on each plantation, and fertilization. He also noted that plagues and pests were controlled in time. [passage indistinct]

Sugarcane Planting Campaign 'Greatly Behind Schedule'

FL1005012795 Havana Radio Reloj Network in Spanish 1943 GMT 9 May 95

[FBIS Translated Text] The sugarcane planting campaign is 2,600 caballerias behind schedule: The sugarcane spring planting campaign is greatly behind schedule according to the latest report from the Sugar Industry Ministry; only 3,500 caballerias, of the 6,000 the campaign calls for, have been planted so far. [all figures as heard]

Poor results were attained during April due to the paltry rainfall and difficulties with soil preparation, due to the lack of spare parts, tires, batteries, and other components.

In order to fulfill their spring planting pledges, every province will need to significantly surpass the daily planting levels attained to date. In April, 2,000 fewer

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caballerias were planted than in April 1994. So far, Holguin is the only province reporting higher planting levels than in 1994, with over 400 caballerias planted.

Politburo Member Discusses Worker-Land Program Obstacles

FL0905195795 Havana Radio Rebelde Network in Spanish 1700 GMT 9 May 95

[From the "National Radio News"]

[FBIS Translated Text] The worker-land bond is still considered one of the most convenient measures for increasing agricultural production. As with other measures, however, the worker-land tie in the agricultural sector faces old concepts.

During a recent visit to Ciego de Avila Province, correspondent Diosdado Maso interviewed Alfredo Hondal, Politburo member and provincial first secretary of the Communist Party of Cuba in Ciego de Avila Province.

[Begin Hondal recording] The problem is not fundamentally ... [pauses] The problem is that we must find, create, discuss, prepare, and think about the conditions needed. That is where the problem begins. There are people entrenched in a system, who do not want changes. Some feel they are losing their control. That is one of the biggest aspects involved in this. Why control? We have a group of enterprise directors, heads of basic cooperative production units, and farms who are used to getting up in the morning and meeting with the 10 to 20 men they have, and telling them what to do: You go there, you over there, and so forth. They assign everyone a task. They think that when these measures are in place, they will lose command, but nothing could be further from the truth. They will not have to do the same thing everyday. They will therefore have more time to do other things. That person... [pauses] He will know all the things he has to do in his area. [end recording]

Hondal says that the problems are with the cadres, not with the workers. However, the worker-land connection is still thought of as one of the most convenient measures for increasing agricultural production.

Roundup of Politburo Members' Activities

FL0805161995

[FBIS Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Cuban Communist Party Central Committee monitored through 8 May 95.

Nelson Torres has sent a letter calling for increased efforts in the sugarcane harvest in Pinar del Rio Province. Torres also highlighted the need to increase weeding efforts and called on Cuban sugarcane workers to strive to reach sugar production goals. (Havana Radio Rebelde Network in Spanish 2300 GMT 28 Apr 95)

Julian Rizo Alvarez, Politburo member, and first secretary of the Communist Party of Cuba in Camaguey, presided over a solemn ceremony at which he presented an award to the Jesus Suarez Gallol manual cutters brigade in Camaguey, in recognition of its production in the sugarcane harvest as well as other tasks over their 20-year history. (Havana Radio Rebelde Network in Spanish 1155 GMT 1 May 95)

Julian Rizo Alvarez, Politburo member, and first secretary of the Communist Party of Cuba in Camaguey, along with over 160,000 workers, participated in the main ceremony marking 1 May, International Workers Day in Camaguey. Workers held a patriotic march, condemned the Helms-Burton bill and confirmed their support for the Revolution and Socialism. Alvarez praised the workers for supporting the Revolution and Fidel Castro. (Havana Radio Rebelde Network in Spanish 1700 GMT 1 May 95)

Roberto Robaina met with Anglican Priest (Michael Labsley), president of the African Association of Friendship with Cuba. During the meeting, the two leaders discussed relations between Cuba and South Africa, highlighting the possibility of strengthening cooperation in education, health, culture, and sports sectors. (Havana Radio Rebelde Network in Spanish 0900 GMT 3 May 95)

Nelson Torres and Yadira Garcia presided over a meeting in Matanzas Province where they called for increased sugarcane harvest efforts. (Havana Radio Reloj Network in Spanish 1932 GMT 3 May 95)

Maria de los Angeles Garcia, member of the Politburo, presided over a ceremony commemorating the 50th anniversary of the victory over fascism in the Cuban Movement for Peace and Nations Sovereignty headquarters in Havana. (Havana Radio Rebelde Network in Spanish 2300 GMT 4 May 95)

Nelson Torres, member of the Politburo and sugar minister, stated on 5 May in Las Tunas that Santiago de Cuba achieved first place in the sugarcane harvest and sugar recovery emulation in April, and was the first to fulfill the crude oil production. He also congratulated Las Tunas for its accomplishments in industrial efficiency and agriculture. (Havana Radio Rebelde Network in Spanish 2300 GMT 4 May 95)

Dr. Concepcion Campa, member of the Politburo and Finley's Institute director, has offered a conference on the effectiveness of the Cuban meningitis vaccine in the

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Medical School Auditorium in Chile. (Havana Radio Reloj Network in Spanish 1400 GMT 5 May 95)

Nelson Torres, member of the Politburo and Sugar Minister, has participated in the northeastern region sugarcane harvest assessment meeting for the month of April held in Holguin, where he stressed that 1,100 caballerias must be planted by 20 May to achieve goals, and more efforts are needed to clean weeds. (Havana Radio Rebelde Network in Spanish 1700 GMT 5 May 95)

Jose Ramon Balaguer, member of the Politburo, has presided over a governmental commission visiting Rio Cauto municipality in Granma to listen and discuss local problems, such as neighbors' protests about unfair distribution of water by water trucks. (Havana Radio Rebelde Network in Spanish 1700 GMT 6 May 95)

Minister Enlists Russia's Help To Complete Nuclear Plant

FL0805013195 Havana Radio Rebelde Network in Spanish 1155 GMT 6 May 95

[From the "Doing Radio" program]

[FBIS Translated Text] Russia and Cuba have decided to complete the Juragua nuclear plant, in Cienfuegos Province. Construction was halted over two years ago due to economic problems.

Oleg Davydov, Russian foreign economic relations minister, and Cuban Foreign Trade Minister Ricardo Cabrisas agreed in Moscow that completing the project will symbolize a rebirth in bilateral economic relations.

Cuban sources confirm that a technical/economic feasibility study on completing the Juragua plant will end in June. British, Brazilian, Italian, and Russian firms are involved in the project. These firms, as well as a German enterprise, are interested in developing an international economic association responsible for constructing and putting the plant into operation. The study will figure the cost of completing the project. Russian organizations figure that approximately $800 million will be needed to put the first reactor — a type (Ber 440) reactor — into operation.

Russia granted Cuba a $30 million credit to finance maintenance work after the Cuban Government decided to temporarily freeze construction of the plant on 2 September 1992. Cuban officials noted that a Russian nuclear plant construction company only supplied the canister [vasija] for the first reactor, while the other components of the active portion — nuclear fuel not included — were built and stored in Russia.

Russian specialists have said that it will cost approximately $200 million to buy the automated panel to direct the technology process [bloque automatizado de direccion de los procesos tecnologicos] in the Western world, as Cuba wishes.

The operation of the first unit of the Juragua nuclear plant will save Cuba approximately 700,000 tonnes of oil.

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Lawmakers Denounce Clinton Moves To Tighten Immigration

PA0905125995 Mexico City NOTIMEX in Spanish 0404 GMT 9 May 95

[FBIS Translated Text] Mexico City, 8 May (NOTIMEX) — Mexican political parties and legislators today condemned U.S. President William Clinton's new measures hardening his country's immigration policy.

Senator Jose Ramon Medina, a legislator from the conservative National Action Party (PAN) and a member of the Mexican delegation that will attend the 34th Mexican-U.S. Interparliamentary Meeting, noted that the measures respond to Clinton's electoral interests.

Clinton has submitted to the U.S. Congress a bill that will strengthen the Border Patrol and will increase INS funding. In addition, he ordered the speeding up of the process to deport 100,000 illegal aliens. Analysts view these measures as the adoption of a strategy similar to that of California Governor Pete Wilson who was reelected in November following a political campaign that focused on combating immigration.

Medina lamented the fact that the U.S. President is using the same tactics used by Republicans to win his party's nomination for a second term. The legislator warned that at the Interparliamentary Meeting scheduled for 12-15 May in Tucson, Arizona, the Mexican delegation will call for a bilateral resolution of the migration problem and the situation faced by Mexican illegal aliens in the United States. The only defense Mexican migrant workers have is dual citizenship, he added, which would allow them to gain access to the rights any U.S. citizen has without having to sacrifice their roots, culture, and the option of returning to their home country.

Mexican legislative factions will expedite consultations to present a joint bill establishing the possibility of dual citizenship. This bill will be presented at the legislative session that begins in September, Medina announced.

Ricardo Monreal Avila, a senator from the ruling Institutional Revolutionary Party (PRI), remarked: "It is one thing for our compatriots to go to the United States seeking work and alternate futures, but it is another for them to be treated like criminals." Monreal added that the "thorny issue" of the illegal Mexican aliens will be one of the unavoidable topics in the Interparliamentary Meeting.

PAN [National Action Party] Senator Emilio Goicochea said the harshening of U.S. immigration policies could adversely affect bilateral diplomatic relations. According to the senator, in the wake of the economic crisis, Mexico has become a large labor exporter to the United States, and he indicated that Congress will move to guarantee "respect for the human rights of migrant workers."

Goicochea said the Mexican economy's recovery will curb the flow of Mexican workers toward the United States, but he added that this is a long-term goal and, under the best of conditions, will not begin until 1996.

"Our compatriots cross the border into the United States because job opportunities are decreasing and their families are suffering the consequences of the economic crisis," Guillermo del Rio, senator from the Party of the Democratic Revolution (PRD), said.

Jorge Calderon, the PRD's international affairs secretary, said his party plans to propose at the Interparliamentary Meeting the drafting of an immigration agreement, as well as the inclusion of labor and immigration issues in NAFTA.

Labor Party Deputy Oscar Gonzalez said Clinton's statements could lead to an escalation of racist measures in violation of human rights, similar to ones adopted by California Governor Pete Wilson.

"This is absurd, because in the beginning Clinton condemned the racist measures adopted by Wilson, and now he is announcing his own measures after seeing that they worked for Governor Wilson," he added.

Industrial Leader Assesses Effects of NAFTA

PA0905023995 Mexico City NOTIMEX in Spanish 2121 GMT 7 May 95

[FBIS Translated Text] Mexico City, 7 May (NOTIMEX) — Mexico's commercial opening and NAFTA are wise and necessary steps, but they are only partial, Jacobo Zaidenweber, representative of the Mexican textile industry in NAFTA negotiations, pointed out.

Although the open economy model adopted by Mexico "is on the right path, its concrete measures have yet to enter the complex structural area, characterized by the imbalance and the heterogeneous nature of very broad sectors of the national productive apparatus," he added.

In an interview with the local press, Zaidenweber said that NAFTA and the economic opening were correct initiatives to take advantage of the broad market opportunities and exports following the devaluation.

He stressed that although the extent of the Mexican crisis, which began last December, involves harmful effects in the short and the medium terms, the process of long recovery undertaken by the Mexican economy is in keeping with the expectations embraced in NAFTA.

Zaidenweber explained that in 1994, "despite a number of contradictions long brewed in previous decades as a

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result of the country's modernizing efforts and NAFTA, the national economy registered positive results with regard to growth."

Thus, Mexico's commercial ties with the United States and Canada increased considerably, in the number of sales as well as in the number of purchases. Regarding investment, however, the perceived benefits have not matched projected volume because of the nation's current uncertainty.

However, he said, a year after NAFTA's implementation, it can be stated that this agreement has had positive repercussions in the Mexican economy because the total volume of commercial transactions has increased.

A rise in investment flows in the areas of financial services and telecommunications has also been registered, as well as an increase in the flow of productive foreign investment, the official stressed.

However, in 1995, data available on foreign trade does not allow us to quantify or qualify with certainty the positive effects generated by NAFTA, particularly because the trade surplus is the result of an undervalued exchange rate.

NAFTA could positively affect the economic adjustment program by promoting domestic exports and by setting the guidelines for the implementation of a direct investment strategy that will revitalize the economy, he pointed out.

The commecial opening has been partial because although changes have taken place in the productive structure, they have been fragmentary.

In other words, a few economic actors have benefited from a clear modernizing momentum, whereas a large percentage of the companies still lack those competitive factors that, in due time, would enable them to capitalize on the rules of the open economy game, he added.

Peasant Organizations Demand Revision of NAFTA Tariffs

PA0905183795 Mexico City LA JORNADA in Spanish 8 May 95 p 47

[Report by Matilde Perez]

[FBIS Translated Text] Eleven organizations comprising the Permanent Agrarian Congress (CAP) have demanded a revision of NAFTA at a seminar entitled "Approval of Proposals from Peasant Organizations To Draft a National Development Plan." They specifically called for revisions in the structure of tariffs and protective measures to ensure more equitable treatment among Mexican, U.S., and Canadian producers.

The CAP said that although NAFTA is an important commercial instrument, "it is impossible to compete when policies are unfair." In this regard, they said the government should act as a promoter and support the agricultural sector just as its NAFTA partners are doing in order to create equitable conditions.

At the forum, the CAP agreed to support demands from wheat producers and to coordinate efforts by the 11 organizations to review and revise the price of that cereal.

In announcing the conclusions of the agricultural sector's political roundtable, Ernesto Garcia Sarmiento, member of the Executive Committee of the National Peasant Confederation, said that, based on a consensus, CAP organizations will promote a new alliance with the state to define a new role for rural sectors in the national economy and to encourage capital investments in the countryside.

Speaking before national and regional leaders of CAP organizations gathered at the Sor Juana Convent, Garcia Sarmiento stressed: "We believe in a general plan for national development in which the role played by the agricultural sector is valued and decisions are made with the participation of peasant organizations, and in which the state will regulate development, not replace rural society."

In terms of developing this new relationship, he said, we propose: reviewing Procampo [Program of Direct Support to the Countryside] operational mechanisms; developing regional markets; including the Secretariat of Agriculture, Livestock, and Rural Development [SAGDR] within the economic cabinet; establishing a pact for the development of the agricultural sector similar to the PECE [Economic Stability and Growth Pact]; creating a cabinet for rural development comprising the SHCP [Secretariat of Finance and Public Credit], SAGDR, Secofi [Secretariat of Commerce and Industrial Development, STPS [Secretariat of Labor and Social Security], and SRA [Agrarian Reform Secretariat]; promoting scientific and technological research; turning over National Warehouse facilities and storage centers to peasant organizations; and establishing a Technical Council for International Agricultural Trade and a Technical Assistance Center for Agricultural Exports.

Regarding financial assistance, marketing, prices, subsidies, and public investment, the peasant leaders called for a development plan that is in line with the needs of producers, which should include an alternate financial plan for this productive sector; a 10 percent budget increase for rural areas; the establishment of an agricultural credit and an agricultural insurance law; the suspension of judicial actions against producers with over-

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due portfolios during the next two agricultural cycles, as well as increasing the possibility of pardoning debts whenever possible; and the creation of a national agricultural and commercial information system, along with a program to rescue peasant credit unions.

In all of the proposals, the leaders of national and regional peasant organizations stressed that the peasant movement is not tantamount to "abandonment" or "dependent on government plans." They said: "Today we must struggle to be included in all levels of political and economic decisionmaking by adopting a more participatory attitude."

Visiting Czech Minister Announces Plans for Investments

PA0805011595 Mexico City XEW Television Network in Spanish 0430 GMT 5 May 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo met this morning during a private visit a Los Pinos Presidential Palace with Mr. Josef Zieleniec, foreign relations minister of the Czech Republic.

During a news conference following his meeting with the Mexican president, the Czech foreign minister announced that Czech businessmen are preparing to invest in Mexico in sectors such as textile, energy, industrial equipment, and the assembly of trucks and trams.

Signs 'Basic Agreement'

PA0805011795 Mexico City NOTIMEX in Spanish 1110 GMT 6 May 95

[FBIS Translated Text] Mexico City, 6 May (NOTIMEX) — The Governments of the Czech Republic and Mexico have signed a Basic Agreement for Scientific, Technical, and Technological Cooperation to strengthen and consolidate the ties between the two countries, the Mexican Foreign Secretariat has reported.

In a communique, the secretariat said that Czech Foreign Minister Josef Zieleniec has concluded an official three-day visit to Mexico during which he signed agreements that would represent mutual benefits in fields of common interest.

During his stay, the Czech foreign minister held talks with Mexican Foreign Minister Jose Angel Gurria and members of the Mexican Businessmen's Council for International Affairs [CEMAI].

During his talks with Gurria, Zeleneiec said that the Mexican economy's foundation "is sound" and that the emergency situation that is being experienced "is temporary." In his meeting with CEMAI, Zieleneiec touched upon business between the two countries, identification of areas attractive for trade, and the exchange of visits by business delegations.

The Czech minister was accompanied by Miroslav Somol, deputy minister for industry and commerce, and Foreign Ministry officials.

Country To Establish Real Estate Investment Trust Fund

PA0705013195 Mexico City LA JORNADA in Spanish 5 May 95 p 48

[Report by Patricia Munoz Rios]

[FBIS Translated Text] U.S. funds will help establish a trust fund in Mexico for real estate investments. The initial amount will be $100,000, which will increase five times within two years. Jaume Alatorre, president of the Mexican Investment Council [Consejo Mejicano de Inversion], made the announcement.

He added that the project basically seeks to purchase already existent industrial warehouses and commercial centers.

He explained that the foreign investment laws were incompatible with this sort of activity. Following 20 months of negotiations, the parties came up with the appropriate legislation and now, the first Real Estate Investment Trust, or REIT, will be established in Mexico.

The council member said that, although the foreign investment laws will not change, the regulations will "require modification" in certain areas to allow greater participation for foreign currencies, such as in this case.

The best example of this, he added, is what just happened in the case of natural gas. The changes made in its legislation "will create an avalanche of important companies interested in participating in Mexico's natural gas sector, piping, distributing, and storing natural gas."

Alatorre yesterday presided over the signing of a strategic alliance between the Ogden Corporation and the Associated Civil Engineers (ICA).

The agreement seeks to promote activity in the areas of construction and airport infrastructure, water treatment plants, and residual water processing. According to company President Richard Ablon, the projects will take place in Morelos state and in the city of Matamoros and will even include the energy area.

The U.S. investor said that "there must be an appropriate atmosphere for foreign investment to flow into the

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country." Although Mexico is taking the right steps, it is not taking them fast enough. Such is the case with the airport system privatization process, he noted, for which no ground rules will be available until September of perhaps by the end of the year.

Alatorre said that as of March, several projects finally concluded after being held up toward the end of 1994. Their progress was hampered for two months due to the image problems caused by the country's economic program. There have been significant changes in the nation's prospects as of the third month.

All those foreign investment projects that had been on hold were put back into motion as of that third month. Included are glass, auto, and the pharmaceuticals industry as well as hospital services; all these for Chihuahua and Hermosillo. Now, it is even expected that Mexico will reach this year's goal of $8 billion in foreign investments.

Moreover, there are areas that have piqued the interest of foreign investment, but changes must first be made in their regulations. Such is the case of the railroad system and telecommunications. This does not necessarily mean that changes are needed in the foreign investment law or in the specific regulations of each sector.

He pointed out that the Mexican Investment Council is involved in 200 projects, 50 of which are in the final stages and 12 of which were approved during the past three months.

Responding to the possibility of regulating the entry of foreign capital into the country, he said that Mexico is currently engaged in an all out commercial and financial opening process that cannot be turned back. It would be a mistake to limit the entry and exit of investments, while living in an open economy.

The only things foreign capital looks for is security, stability, and positive indicators. Mexico will continue to offer these three factors and, therefore, it will continue to be a very attractive place both for direct and speculative investment.

The country has an open economy and there is no turning back.

Labor Secretary Evaluates Government's Economic Program

PA0805040095 Mexico City Radio ACIR Network in Spanish 0000 GMT 6 May 95

[From the "Evening News Panorama" newscast]

[FBIS Translated Text] We were able to interview Labor Secretary Santiago Onate at Constitucion Plaza. He said the results of the government's emergency economic program have not satisfied some industrialists. He has also affirmed this at the congress.

He stated, though, that the adopted measures have been positive.

This past Wednesday, the labor secretary responded to criticism saying the country is neither on the verge of social upheaval nor has the emergency program failed. There are signs of recovery but more corrective measures must be implemented in the financial sector, he said, however, he added, what has been done so far is good.

Secretary Onate said that as Mexicans earn an adequate salary and have a permanent job, there will be no reason for social upheaval.

[Begin Onate recording] It is always necessary to respond to social needs. This cannot be changed. We can find new ways to achieve social calm as more Mexicans are increasingly able to find a job and earn a salary. This requires a permanent effort. [end recording]

The secretary was clear in saying that the emergency economic program being implemented now must continue until the end of the year when there should be a true recovery, especially the recovery that workers and families require: the generation of jobs and a salary more in line with the needs of each family.

Business Leaders: Crisis Persists Despite Positive Signs

PA0705190895 Mexico City EL FINANCIERO in Spanish 5 May 95 p 21

[Report by Ivan Sosa]

[FBIS Translated Text] Business Coordinating Council (CCE) President Luis German Carcoba Garcia has stated that although the economy has shown positive signs, "it is obvious we are still undergoing a crisis."

At the same time, German Gonzalez Quintero, president of the Confederation of National Chambers of Commerce (Concanaco), explained that as part of the liquidity crisis at most corporations, many have reached a point where it is virtually impossible to meet their fiscal and social security obligations, therefore he recommends that a system be outlined that will include the restructuring of these two obligations.

Carcoba Garcia commented that certain sectors have been hit the hardest, particularly those oriented toward supplying durable goods. "We have some branches that, on average, are operating at 50 percent under normal capacity, while some are even operating at 30 percent."

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Some companies have even decided to shut down but have refrained from officially reporting their status because of the administrative procedures involved, even though they are no longer operating.

Carcoba Garcia added that between 450,000 and 500,000 jobs have been lost since December 1994 and predicted that profit distribution to workers would also be affected.

Inefficiencies in the economy are even causing complications for exporting companies, which must face the obstacles impeding access to imports as well as transportation problems, particularly inadequate port facilities.

To find the right path, Carcoba Garcia said the CCE is preparing a document that includes specific proposals to adjust the economic model, which, he said, received the full support of the business sector during the Carlos Salinas de Gortari administration.

"We have always been convinced that the country is in need of an open economy model. Nevertheless, we acknowledge that adjustments must be made to correct some of the economic variables that have proven inadequate and that have led us to the problem we are facing today."

The document with recommendations will include requests for a fiscal policy that promotes investment and supports manufacturing plants and human resource training programs, because "we can no longer aspire to a better standard of living if as a society we cannot produce more efficiently."

It will also include questions about the size of the government apparatus, demands for more infrastructure, requirements to improve the Federal Labor Law to make way for the development of more productivity without circumventing basic workers rights, a trade code that will expedite suits, and, most of all, requests to carry out long term projects.

Concanaco Rules Out Resorting to a Moratorium

Also interviewed following the conclusion of a session of what was at one time a pact, Concanaco President German Gonzalez Quintero ruled out the possibility that the business sector would declare a moratorium "because we want to negotiate a reference framework with the government so each company can then enter into negotiations."

Meanwhile, Carlos Abascal Carranza, president of the Employers Confederation of the Republic of Mexico, insisted that as long as pockets of the general population do not show signs of improvement, it will be impossible to talk about economic recovery.

Agreeing with Gonzalez Quintero, Victor Manuel Diaz, president of the Confederation of Industrial Associations (Concamin), expressed his support for eliminating the application of the VAT to the medications network.

The Concamin president added that the investment units strategy had not yet begun to show results despite an extensive advertising campaign for the instrument simply because of insufficient financial expertise among the population.

During the meeting, Mexican Labor Congress (CT) President Rafael Riva Palacio began to raise questions, not with respect to price increases but as to why members of the agreement strategy follow-up commission had not been kept abreast of changes but were forced to find out through the media.

Rafael Riva Palacio announced that he would once again be taking up with the Finance Secretariat the longstanding CT proposal to eliminate taxes on benefits since the situation of the country's 160,000 bank employees is quite critical.

Responding to workers' demands, Domestic Trade Under Secretary Eugenio Carrion said that the price of bread had not increased and that it had all been a misunderstanding.

Total Public Debt Outlined

PA0505200895 Mexico City EL FINANCIERO in Spanish 2 May 95 p 4

[FBIS Translated Text] As a result of the public debt policies implemented to deactivate the postdevaluation financial crisis, the gross foreign public debt had amounted to an estimated $90.215 billion by 31 March 1995, while the domestic public debt amounted to 139.062 billion new pesos ($22.4293 billion, at an exchange rate of 6.20 pesos per dollar).

By late December, the foreign public debt totaled $85.4358 billion and the federal government's domestic debt totaled $157.528 billion new pesos (excluding SAR [Retirement Savings System] resources) or slightly more that $25 billion.

Despite the increase in the gross foreign debt in absolute terms during the first quarter resulting from the anticipated amortization of domestic debt liabilities indexed to the dollar (Tesobonos [Treasury Bonds] amounting to more than $14.2 billion) and from other types of nonrenewable maturities placed on international markets, the total debt of the public sector (both foreign and domestic) in real terms remained at the level reached in December 1994 — namely, $112 billion.

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By late March 1995, the balance of the domestic and foreign debt of the public sector was estimated at $110.890 billion.

Amortizations for $15.6 Billion

According to Finance Ministry data, approximately $15.6 billion worth of public liabilities were amortized in the first quarter of 1995, approximately $11 billion of which were paid for with resources from the Stabilization Fund and international reserves.

During this period, $5 billion were granted by the United States and $7.8 billion by the IMF, and debts were not placed on international markets, which remained closed to the country from January to March.

Of the $15.6 billion amortized in the aforementioned period, approximately $6.5 billion corresponded to the amortizations of Tesobonos. Tesobonos, which are a domestic debt instrument indexed to the dollar, were amortized in dollars — not in pesos — due to the confidence crisis. That triggered a foreign debt increase of approximately $4.6 billion.

Another $5 billion corresponded to public maturities stemming both from bonds placed on international markets and the "naturally" programmed amortization calendar.

In addition, banking debt amortizations amounting to approximately $5 billion during the first quarter and $1.7 billion worth of public debt were also excluded, although part of the former figure had to be amortized through credits the Bank of Mexico [Banxico] granted through the Fobaproa [Savings Protection Banking Fund].

Furthermore, even when a financial agreement worth approximately $3.5 billion was signed in March with the World Bank and the Inter-American Development Fund, these resources correspond to the 1995-1996 budget and have not been used yet. That is why they are not included in the first quarter figures.

Some $2 billion of these resources will be earmarked for Fobaproa and are aimed at strengthening the supervisory and regulatory activities of the Mexican banking system and the financial health of the country's multiple-purpose banking institutions. According to the World Bank calendar, the first allotment of these resources could be used by late June.

It is worth mentioning that according to the 1995 Mexican debt amortization calendar, $10.645 billion should have been paid this year under "normal conditions," $1.85 billion of which reportedly corresponded to the public debt — including rescheduled debt — owed to international commercial banks and another $1.015 billion reportedly corresponded to private debt.

Another $6.097 billion should have been amortized to other official creditors (World Bank, bilateral institutions, bonds, and others), $4.854 billion of which corresponded to the public sector and the rest to the private sector. In addition, $1.092 billion should have been amortized to the IMF.

However, the need to amortize domestic debt owed to foreigners not only exerted additional pressure to pay up the "normal" maturities of the first semester, without having access to domestic and public resources to meet these payments, because of the fall of the economy after the devaluation but, instead, had to settle in three months an extraordinary amount of foreign debt owed to foreigners — in foreign currency — due to the confidence crisis.

70.34 Percent of Domestic Debt Owed to Foreigners

Regarding the domestic debt, it is here where most reorganizations were carried out between January and March. The total amount of government securities reached 362,602,580,000 new pesos by late December, 205.7403 billion of which corresponded to Banxico securities and 157,528,550,000 to the outstanding balance (excluding SAR resources).

Of the latter figure, 9,350,420,000 new pesos were in the hands of the banking sector and 148,178,130,000 in the nonbanking sector. Of this amount 70.34 percent is owed to foreigners and 29.66 to Mexican investors.

By late March, the balance of the federal government's domestic debt dropped to 139,062,750,000 new pesos; that is, it dropped by 18.4658 billion new pesos, a 16.4 percent annual decrease in real terms. The domestic debt decrease was accompanied by a reorganization of the balances of the different instruments in which it is documented.

The Cetes [Treasury Certificates] balance went from 14.22 percent by late December to 22.2 percent by late March. The Bondes [Federal Government Development Bonds] balance went from 1.95 percent by 31 December to 4 percent by 31 March.

To a lesser degree, the Ajustabonos [Adjustable Bonds] went from 9.3 percent of the outstanding government securities to 10.1 percent. Finally, the Tesobonos went from the maximum of 74.54 percent by the end of 1994 to 63.7 percent of the domestic public debt by the end of March.

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In three months, the balance of this indexed instrument decreased by $14.5 billion, and its balance was $88,584,210,000 by late March. This situation means that by the end of the first quarter, the domestic debt in Tesobonos continued to be the largest debt as it represented 63.7 percent of the outstanding government securities.

Despite the amortizations triggered by the pressure exerted by foreigners, of this amount of Tesobonos, 88.78 percent were in the hands of foreign investors by late March.

Moreover, by late March, 30.8711 billion new pesos were issued in Cetes; 5,563,480,000 new pesos in Bondes; 88,584,210,000 new pess in Tesobonos; and 14,043,920,000 new pesos in Ajustabonos. These four figures total 139,062,750,000 new pesos.

Outstanding Government Securities (1991-95 Balances at Face Value in Billions of New Pesos)

Year	Total	Banxico	Total	Banking Sector
	(1=2+3)	(2)	(3=4+5)	(4)
Dec '91	172.39042	44.54007	127.85035	56.21159
Dec '92	135.44277	38.10406	97.33871	21.00950
Dec '93	174.76774	54.61661	120.15113	2.87785
Dec '94	362.60258	205.07403	157.52855	9.35042
Mar '95	364.56916	225.50641	139.06275	4.83186

Outstanding Government Securities (1991-95 Balances at Face Value in Billions of New Pesos) Nonbanking Sector

Year	Total	In Mexico	Abroad
	(5=6+7)	(6)	(7)
Dec '91	71.63876	54.83607	16.80269
Dec '92	76.32921	31.96116	44.36805
Dec '93	117.27328	49.32280	67.95048
Dec '94	148.17813	43.93629	104.24184
Mar '95	134.23089	34.33673	99.89416

Bankers, State Officials Discuss Debt Restructuring

PA0805014595 Mexico City EL FINANCIERO in Spanish 5 May 95 p 5

[Report by Alicia Salgado and Manuel Moreno]

[FBIS Translated Text] Mexico's banking industry leader Jose Madariaga Lomelin told President Ernesto Zedillo that restructuring the country's debt is a nationwide problem and should be solved accordingly. Madariaga discarded statements saying the banking industry was a main player in the economic crisis, its effects, and high interest rates.

He said that the bank debt restructuring plan for the country's states and other plans covering almost 80 percent of the current debt portfolio, are proof that the banking industry is backing its clients and the community. Madariaga indicated that the restructuring agreements are in fact acts of support for an effective and lasting economic recovery.

Individually, Baja California Governor Ernesto Ruffo Appel, Guanajuato Governor Carlos Medina Plascencia, and Chihuahua Governor Francisco Barrio Terrazas called the restructuring program the government recently announced to solve the state governments' economic woes, "an aspirin," as it can "only alleviate the symptoms temporarily, while not getting to the root of the financial problems plaguing the country's state governments."

This contrasted with the opinion of the Institutional Revolutionary Party [PRI] governors. They said that the plan is "the beginning of economic recovery for their states, municipalities, and communities."

Ruffo Appel said that the measure would only postpone the financial tension created by the unequal treatment the federal government gives its states. He suggested finding a true unification agreement to face the insolvency problem. He said that "it is an aspirin," because it only buys time by delaying the problem with a temporary solution. Nevertheless, he praised its value stating: "It may be an aspirin, but it gives us a few hours more to think."

In Francisco Barrio's opinion, the debt restructuring plan is an important measure but it alone is insufficient to resolve the states' financial deficits.

Meanwhile, Medina Plascencia commented that his state "does not have big debts" and that "it will take aspirin as appropriate."

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Manuel Bartlett, governor of Puebla, has said the program will not only help the states' liquidity, but it will allow municipalities to keep up their work programs and increase employment opportunities. Enrique Burgos of Queretaro State said "this is something that coordinates the efforts of the federal government with that of the states, which are being given the opportunity to resolve essential social issues." He said the program must be ongoing and will require strictly proper management of state finances if it is to prosper.

Emilio Chuayffet, from the state with the largest bank debt [not further identified], spoke in the same terms stating that the restructuring of the debt gives the states the possibility of fulfilling their financial obligations and of maintaining their priority and social programs. Manlio Fabio Beltrones, of Sonora State, spoke in similar terms.

After giving details of the debt restructuring program in his speech before President Ernesto Zedillo, Madariaga, president of the Mexican Association of Bankers, commented: "The damage uncertainty causes can be repaired only with deeds." He said Mexican banking institutions "will punctiliously fulfill all their commitments with depositors, creditors, and debtors."

He said that to fight uncertainty abroad, it is necessary to eradicate uncertainty from Mexico with agreements such as the one for 17.300 billion new pesos signed between the banking system, federal entities, and the federal government.

He said: The banking system has always been prepared to back its creditors as long as they demonstrate their decision to fulfill their commitments on a viable basis, as made evident by the restructuring programs now in effect, which will cover approximately 80 percent of the system's total debtors.

Madariago noted that the main role of the banks is to support the economy sector because this is the only way of guaranteeing, in the long term, an increase of wealth and for this reason debt restructuring supports Mexico's economic recovery drive.

SHCP Establishes National Banking, Securities Commission

PA0505133695 Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 2 May 95 p 2a

[FBIS Translated Text] The Secretariat of Finance and Public Credit [SHCP] has introduced the National Banking and Securities Commission [CNBV] Decree-Law.

Article 1 states that the CNBV has been established as a decentralized SHCP agency with technical autonomy and executive powers within the terms of this law.

Article 2 states that the CNBV's goal is to supervise and regulate the financial institutions under its jurisdiction to ensure their stability and proper functioning, as well as to maintain and promote the healthy and balanced development of the financial system as a whole, thereby protecting the public's interests.

The decree-law also states that another CNBV goal will be to supervise and regulate individuals and corporations when they engage in activities provided for in the laws pertaining to the aforementioned financial system.

The SHCP also published in March 1995 the agreement on the Rates for the Calculation of the Special Production and Services Tax, which is applicable to the transfer of gasoline and diesel.

The SHCP also published a resolution granting administrative facilities to various taxpaying sectors.

Bancomext Reports First Quarter Increase in Exports

PA0605195795 Mexico City NOTIMEX in Spanish 2347 GMT 4 May 95

[FBIS Translated Text] Mexico City, 4 May (NOTIMEX) — The National Foreign Trade Bank of Mexico (Bancomext) today reported that the first quarter of 1995 registered an increase in exports of various Mexican products. The products with the highest sales abroad include manufactured items, rustic furniture, metals, electronics, iron products, mangoes, and lemons.

Bancomext stated in a press bulletin that the Assistant General Directorate for the Promotion of Foreign Sales conducted several analyses of market conditions to give Mexican producers sufficient information to expand their businesses.

During the first quarter of this year, 62 profiles and market studies were conducted on behalf of Mexican producers. Octopus and lobster sales to Canada for $6 million represent one of the most successful projects.

Rustic and wrought iron furniture worth $2.4 million were sold in Canada, and subcontracts worth $4.7 million were awarded in the United States and Canada for manufactured products, metals, and electronics.

During this same period, 150,700 cases of mangoes were sent to the Netherlands and 300 cases of lemons to the United Kingdom. In addition, $1.5 million in iron products were sold to Germany, according to the bulletin.

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Thirteen Leading Banks Report 42% Profit Drop

PA0705005495 Mexico City EL FINANCIERO in Spanish 4 May 95 p 6

[Article by Marcos Chavez M.]

[FBIS Translated Text] Cumulative net profits at 13 of the oldest banks in the system — excluding subsidiaries — amounted to 1.327 billion new pesos during the first quarter of the year, which represents a real drop of 42 percent with regard to the same period in 1994, according to figures published by financial groups and the National Banking Commission.

The situation, which has become more complex because of the increase in overdue portfolios, the increasing social discontent against intermediaries, the plummeting of credits, liquidity problems, and the need to improve capitalization levels, among other things, have placed doubts over the future of various banks as well as over the industry's efficiency in supporting the economy.

While the Mexicano, Atlantico, and Confia Banks reported losses, eight others reported drops in their real earnings, especially at Bancrecer, Inverlat, Promex, and Centro Banks, which reported profit drops of between 60 and 95 percent.

Only Serfin and Banoro Banks improved their lot. In the case of the former, it does not mean that its financial situation is one of the best in the system because recently it had to resort to Procapte [Temporary Capitalization Program], a lifesaver.

The drop in profits can in part be explained by the need to increase reserves, the fluctuations in financial markets, the drop in loans, and the payment problems faced by people demanding credit.

The quality of the credit portfolio continued to observe an accelerated deterioration, casting a dark shadow over the gloomiest predictions. The balance of the gross overdue portfolio increased by 23.184 billion new pesos in the last year, reaching 56.672 billion new pesos, 40.5 percent more in real terms when compared to 1994.

Only between December 1994 and March 1995, when symptoms of the neoliberal model's bankruptcy and of the beginning of one of the most severe recessions began to appear, did overdue portfolios increase by almost 17 billion new pesos, 24.5 percent more in real terms when compared to the same period last year. This amount is expected to increase in the following two quarters, once the economy sinks into the lowest part of the economic cycle and the problems faced by credit holders worsen.

If the current pace is maintained and if the credit refinancing programs do not yield their expected results, the balance of the overdue portfolio could increase to 100 billion new pesos, which is an unsustainable level for many intermediaries.

The banks that have suffered the most from the deterioration of their portfolios are Banoro, whose real overdue payments increased by 134 percent in the last year, Bancrecer by 115 percent, and Banorte by 118 percent.

The average index of the overdue portfolio of the 13 banks (overdue loans as a percentage of the total portfolio, which includes overdue and standing loans) went from 9.6 to 11.2 percent in the last year. In Serfin and Bital it reached 14 percent, in Bancrecer it doubled, in Inverlat it reached 12 percent, and in Atlantico and Banoro it reached 11 percent.

The magnitude of the uncollectible loans, along with the obligation to expand preventive reserves, demanded that the banks increase their preventive reserves by 20 billion new pesos for a total of 33.8 billion new pesos, twice as much in real terms as last year's reserves. Last quarter, they increased by 14.6 billion, 73 percent of the nominal total.

The banks that made a greater effort to capitalize themselves over the last year were: Banoro, whose real reserves increased by 240 percent; Serfin, by 195 percent; Promex, by 176 percent; Banorte, by 160 percent; Confia, by 151 percent; Bancrecer, by 144 percent; and Mexicano, by 111 percent. Those that made the greatest effort this quarter were Serfin and Banorte, with 117 and 102 percent in real terms respectively.

The increase in reserves was achieved through various mechanisms: limiting profits and capital, in certain cases through the issuing of notes, the injection of fresh resources through Procapte. In certain cases, such as Bancomer, the reserves that were created were greater than required.

It is worth noting that the banks that resorted to Procapte were: Serfin with 3.2 billion new pesos; Inverlat with 1.4 billion; Bital with 700 million new pesos; Bancen with 452 million; Confia with 425 million; and Oriente with 311 million new pesos. Without these resources it would have been difficult for them to achieve the capitalization levels that were officially required to resolve their credit problems.

According to the information, practically all banks were able to meet the capitalization levels and remain within the appropriate percentage levels regarding their overdue portfolios in an effort to safeguard the financial health of the intermediaries.

Even though the difference between overdue portfolios minus reserves and the principal decreased from 55.7 to 52.2 percent on the average between the months

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of March 1994 and 1995, in Bancrecer and Banoro it increased from 52.2 to 107 percent and from 36.4 to 74.9 percent, respectively, the highest proportion among the banks in the sample.

In others such as Inverlat, Bital, Mexicano, and Atlantico, the index is slightly higher than 60 percent.

If the first quarter was difficult for the banking industry, expectations for the remainder of 1995 will undoubtedly be gloomier because the effects of the recession — which will tend to be more serious than what was officially estimated — are just starting to be felt, therefore, losses and the problems of liquidity and capitalization could adversely affect a higher number of intermediaries.

The most serious concern is that the UDI [Investment Units] programs could not yield the expected results, because the financial breather given to certain debtors could be annulled with the uncertain outlook the latter will have to face.

If this occurs, the overdue portfolios will continue to grow at an explosive rate demanding greater capitalization efforts, which banks may be unable to resist. Perhaps in the end, we may find out that the bankruptcy of certain intermediaries has only been delayed.

Roundup of Mexican Economic Developments

PA0805192495

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 8 May.

Pemex [Mexican Petroleum] has announced that the making of oil byproducts at Pemex plants increased 3.3 percent in the first quarter when compared to the same quarter in 1994. Production reached a daily average of 1,703,400 barrels. (Mexico City LA JORNADA in Spanish 2 May 95 p 58)

Bancomer [Bank of Commerce] has placed 1 billion new pesos worth of ancillary bonds of obligatory conversion to sell among domestic and foreign investors. Bancomer reported that this action was widely accepted by leading insurance firms, saying the bonds "are ideal for the handling of their reserves because their yield is equal to the Cetes [Treasury Certificates] rate plus four points over a seven-year period." (Mexico City LA JORNADA in Spanish 2 May 95 p 58)

Burdened by excessive illegal imports, a recession in the automobile industry sector, the peso devaluation, and the recent increase in taxes on goods and public services, the rubber industry is facing a very complex economic situation which has led it to the brink of survival. According to leaders of the National Chamber of the Rubber Industry, the number of workers in this sector fell by nearly 20 percent, sales dropped by more than 35 percent, and production declined 10 percent. Chamber President Julio Cano noted that the problem producers are facing is not the import of new tires but the massive import of used tires, primarily from the Middle East. (Mexico City LA JORNADA in Spanish 30 Apr 95 p 58)

According to Roberto Hierro Mendoza, leader of used car lot owners, "the federal government dealt a harsh blow to the border economy when it authorized duties of up to 300 percent on used vehicles imported from the United States." On 21 April, the Finance and Public Credit Secretariat announced, through the DIARIO OFICIAL DE LA FEDERACION, the new duties on imported cars. The used car lot owners suspended imports when they learned of the announcement. (Mexico City LA JORNADA in Spanish 2 May 95 p 53)

Car sales in the first quarter of the year declined 42.4 percent. In this same period, car distributors in Mexico sold 91,743 units compared to 159,268 sold last year. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 4 May 95 p 6A)

The Commerce and Industrial Development Secretariat [Secofi] has established "a tax on sugar exports to prevent a shortage of the product in the local market. Secofi decreed changes in the sugar export tax because prices in the local market are lower than those at the international level, which could lead to a shortage in Mexico." This measure excludes the payment of tariffs on sugar varieties that have Secofi export quota certificates which are tax exempt. (Mexico City LA JORNADA in Spanish 2 May 95 p 58)

According to a 2 May, Chetumal-datelined report, an official source has reported that 80 percent of the citric production in Quintana Roo State might be lost because of the presence of the "sadness virus" ["virus de la tristeza"] and the citric fly. A delegation of the Agricultural, Livestock, and Rural Development Secretariat commented that more than 5,000 hectares of citric plantations could be quarantined because of the detection of larvae found in the fruit. (Mexico City NOTIMEX in Spanish 1833 GMT 2 May 95)

In the first two months of 1995, the mining of domestically produced minerals and metals was as follows: Non-ferrous industrial metals, lead, and zinc registered annual accrued increases of 11.1 and 7.7 percent, respectively. Copper extraction declined 9.8 percent. Mineral coal, iron, and coke showed annual accrued growth rates of 21.2, 13.9, and 4.8 percent respectively. With regard to precious metals, gold registered an annual increase

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of 37.5 percent and silver one of 14.1 percent. (Mexico City EL FINANCIERO in Spanish 5 May 95 p 34)

The net profits of Penoles, the country's largest mining concern, increased 733 percent in the first quarter of the year in comparison with the same period in 1994. "The company, a national leader in the production of gold and silver, remained unaffected by the devaluation, because most of its production of precious metals, as well as of zinc and lead, is sold in dollars and its expenses are paid in pesos. This permitted a net profit of 130.3 million new pesos in the first quarter of 1995." Penoles extracts between 90 and 95 percent of the country's silver which is its main source of income. The firm estimates that 42 percent of its revenue comes from the sale of silver, 20 percent from zinc, 15 percent from lead, 15 percent from gold, and the rest from other minerals. (Mexico City REFORMA in Spanish 4 May 95 p 27A)

In the first quarter of 1995, Liverpool and Sears department stores registered losses of more than 50 million new pesos. Liverpool's losses amounted to 170.260 million new pesos whereas those of Sears amounted to 87.646 million new pesos. Between January and March of 1995, Sears sales increased by 4.1 percent compared with figures registered during the same period in 1994, when it earned 366.650 million new pesos in revenues. Meanwhile, Liverpool sales registered an 11.4-percent drop as they reached 702.601 million new pesos. Operations by the two companies experienced a decline compared with operations registered during the first quarter of 1994. (Mexico City EL FINANCIERO in Spanish 4 May 95 p 13)

According to a 4 May, Mexico City-datelined item, Pemex reported that the exports of airplane fuel increased 89.2-percent in the first quarter of 1995 compared with the volume registered in the same period of 1994. Pemex stressed that in the first three months of 1995, an average of 26,500 barrels of airplane fuel were traded in the international market, whereas during the same period in 1994, exports averaged 14,000 barrels a day. (Mexico City NOTIMEX in Spanish 2152 GMT 4 May 95)

According to a 5 May, Mexico City-datelined report, financial experts stated today that the decline in the population's purchasing power, caused by the peso's devaluation vis-a-vis the dollar, directly affected retail sales in February, which dropped by 20 percent. A study by the Bancomer Financial Group pointed out that sales plunged due to businessmen's own debt and to a credit reduction from suppliers. (Mexico City NOTIMEX in Spanish 2339 GMT 5 May 95)

According to a 5 May, Veracruz-datelined item, a source from the Secofi noted that the inflation rate will tend to decrease in the second half of 1995 until it reaches a monthly rate ranging between 2 and 3 percent. Felix Alvarez Bursa, coordinator of state affairs of the Secofi, stated that "the inflation rate reached 14 percent in the first quarter of 1995 and is expected to reach an annual rate of 40 percent by year's end." Alvarez Bursa added, "Mexico is an attractive market for foreign investors since major productive coinvestments have been made in such cities as Leon, Guadalajara, and Saltillo." (Mexico City NOTIMEX in Spanish 1541 GMT 5 May 95)

A 5 May, Mexico City-datelined report cites Pemex saying that Mexico exported nearly 1.2531 million barrels of crude a day during the first quarter of 1995, generating $1.853 billion in estimated revenues. Pemex reported that from the total volume of sales registered in America, Europe, and the Far East, the United States bought 75.5 percent; Spain, 10.7 percent; and the Far East, 6.3 percent of the products. (Mexico City NOTIMEX in Spanish 0101 GMT 8 May 95)

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Costa Rica

Benefits of U.S. Policy on Cuban Migrants Foreseen

PA0905194795 Mexico City NOTIMEX in Spanish 1846 GMT 9 May 95

[FBIS Translated Text] San Jose, 9 May (NOTIMEX) — It was reported here today that the U.S. Government's immigration regulations on Cuban migrants have opened new possibilities to negotiate the departure for the United States of 30 Cubans who are currently in Costa Rican territory.

Foreign Minister Fernando Naranjo told NOTIMEX that the new U.S. immigration policy is an issue that only concerns that nation, but "Costa Rica feels there still is a possibility that Washington may accept the illegal immigrants who are here."

Fifteen Cuban immigrants arrived in Costa Rica illegally in early March. Another 15 arrived from Grand Cayman Island two weeks later. In April, the Supreme Court's Constitutional Chamber received an amparo plea from the Cuban community in Costa Rica and agreed that the Cuban immigrants could remain in the country for six months with temporary residency permits.

Today, Naranjo said, the announcement that the United States will authorize residency visas for Cuban immigrants at Guantanamo opens the possibility for these temporary residents to travel to the United States. He noted that the measure recently adopted by President William Clinton is intended to put a stop to illegal immigration, and this might not only help Costa Rica, but also other nations facing the problem of illegal aliens from Cuba.

Naranjo noted that within a few days the "Costa Rican Interests Office" in Havana will be opened to resolve immigration problems of relatives of Cubans living in Costa Rica who want to leave the Caribbean island. This is a humanitarian effort "we hope can contribute to uniting Cuban families and preventing illegal immigration from that country," the Costa Rican foreign minister concluded.

Guatemala

Police Director Reviews Goals, Complaints

95CA0199A Guatemala City PRENSA LIBRE in Spanish 2 Apr 95 pp 8-9

[Interview with Angel Conte Cojulun, Director General of the National Police, by M. Vargas and Y.E. Rivera; place and date not given — first paragraph is editorial introduction]

[FBIS Translated Text] Against a background of slogans carried by demonstrators from various civilian sectors marching down Sixth Avenue, Angel Conte Cojulun, the director general of national police, speaks of the initial actions taken under his direction. Restoration of the self-esteem of police officers, and the purging and professionalization of their ranks, are valuable basic steps in the rehabilitation of the most despised public servants in the nation.

[PRENSA LIBRE] In what condition did you find the National Police [PN], and how do you rate your performance so far?

[Conte] What I found was an institutional image that had deteriorated, but it is recovering. We broke that chain when we announced that during my term in office there will be no kickbacks. It was rumored that money had been demanded from police officers for payment to their superiors. I have called on police officers to report those who demand money from them. I want us to be seen as public servants who have a new image and, above all, confidence in themselves.

We have also resorted to some solutions that were admittedly cosmetic but that generated increased public confidence, such as the simple action of putting our investigators in uniform. No one is afraid now to seek the assistance of the DIC [Criminal Investigation Directorate].

[PRENSA LIBRE] It has been said that some DIC agents are associated with a campaign of "social cleansing"—that they have been hired by residents of certain neighborhoods in the capital who are fearful because of the prevailing insecurity.

[Conte] I have no knowledge that this is occurring, but if it is I will act vigorously, because such activity is illegal.

[PRENSA LIBRE] What assurance do you have that the orders from the top will reach the ordinary police officer, if the complaints continue that the police are engaging in crimes such as car theft and other irregular activities?

[Conte] I cannot guarantee that there are no bad actors on the force. If police officers are being subcontracted, there would already be some evidence of that in our system of intelligence. In speaking of "social cleansing," I would rather not think in terms of death squads. That would be horrible for the nation and personally shameful for me.

[PRENSA LIBRE] Dead bodies of persons who had prison records have been discovered recently. These give the appearance of extrajudicial executions rather than isolated criminal acts.

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[Conte] In our investigations, an initial hypothesis does not rule out other possibilities. In the first place, we believe that these deaths were the result of disputes among gangs.

It is not very likely that police officers are involved, given the controls we possess. When several years ago there was talk of death squads, something of an institutional nature was suspected. I do not believe that there is a PN death squad.

[PRENSA LIBRE] What about the case of the PN agent in Santa Lucia Cotzumalguapa, whom the Minugua [U.N. Mission in Guatemala] has accused of a double kidnapping? The report maintains that there is a witness.

[Conte] I personally visited the site of these events during last weekend and requested the presence of representatives of the MP [Public Prosecutor's Office] in order to begin the investigation. The case is now in the hands of the MP and the court that has jurisdiction. Meanwhile, the accused individual is under disciplinary arrest at police headquarters in Escuintla Department.

We heard the victim's complaint and determined that the two vehicles—a pickup truck and a motorcycle that the victim identified as having been used in the alleged kidnapping—were parked at the PN station in Santa Lucia despite the fact that I had issued orders for impounded motor vehicles to be sent immediately to the yards maintained by the courts. We also investigated the circumstances surrounding the discovery of an Uzi minisubmachine gun—a weapon that is not a part of police equipment nor of the police inventory. I will not allow any policeman to be protected by a cover-up.

[PRENSA LIBRE] Were the changes in the police force that you mentioned a part of the demilitarization process or the result of the evaluation that you made when you took office?

[Conte] The security office ordered the revocation of the appointments of certain high-ranking officers of the PN. Today, the PN is directed by civilians. There can be no talk of militarization or demilitarization within the PN.

[PRENSA LIBRE] But there has been much collaboration with the Army, because of police inefficiency. That is true with respect to the patrolling carried out by the Mobile Military Police [PMA].

[Conte] What we have here is coordination for the purpose of exchanging information with the Army. The collaboration with the PMA was instituted only recently, because the PN has too few personnel to cover the entire Republic.

[PRENSA LIBRE] Why have eviction orders not been carried out at some ranches that have been invaded?

[Conte] The two orders that we have received concern ranches in Retalhuleu Department. We are drawing up a plan for the purpose of executing the orders while avoiding altercations, but we have also sent police personnel to other ranches to prevent them from being invaded.

[PRENSA LIBRE] Do you believe these invasions are the prelude to destabilization in an election year?

[Conte] I have no answer to that question. We have been told that on some of the ranches that have been invaded there are weapons and persons who are not peasants, strictly speaking, and this is part of what we must verify before we take action. We are drawing up plans—in the presence of human rights representatives—to use personnel equipped with antiriot gear and to use force in a rational manner and only if necessary.

[PRENSA LIBRE] What is the result of the confiscation of weapons from elements of the MAR [Revolutionary Action Movement] in connection with the campaign against that movement?

[Conte] A large quantity of arms has been collected and turned over to the courts. There is no special operation directed against the MAR, but we are continuously combating its supporters.

[PRENSA LIBRE] Is collusion continuing between police and the owners of brothels and other questionable businesses, which customarily pay sizable bribes?

[Conte] We have other priorities at the present time. To be honest is not enough; one must also give the appearance of honesty, and I do not want it said that we are taking bribes at those places.

[PRENSA LIBRE] There has been talk of some mysterious aspects of police work, but what about the accusations of corruption in connection with transactions relating to the social services provided to police personnel as well as their salaries? This brings the activity of the police into disrepute.

[Conte] We have not uncovered any case of that sort. We have, however, implemented other methods for delivering the social service checks.

Acting through the intermediary of the Interior Ministry, the president of the Republic is interested in raising police salaries. We hope that some of these problems will soon be solved.

[PRENSA LIBRE] Are there irregularities in connection with the disappearance of the files of some criminals? Is that a practice of the past, or is it continuing?

[Conte] We are investigating. We have received information alleging that in return for a certain sum of

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money, some bad police officers are removing the files from their rightful place.

I had been hearing about that since before I came to the PN. I now have some names, but I cannot accuse these individuals without proof.

[PRENSA LIBRE] Will all the crimes that occur be revealed to the press, or will the practice of preselecting the information contained in the daily news releases be continued?

[Conte] I have nothing to hide. Every event will be made known. In certain cases such as kidnappings, however, this is not possible, because it impairs the investigation and endangers the life of the kidnap victim.

[PRENSA LIBRE] What is happening in connection with the phantom jobs? Is the sale of jobs continuing?

[Conte] As far as I know, no such jobs exist. Moreover, since I took office all active personnel entering the force have had to pass the entrance examination.

[PRENSA LIBRE] It is said that the PN is not even 1 percent effective. What is your opinion?

[Conte] Effectiveness is reflected in statistics. We are not at an optimal point, but we have the desire to do things well.

[PRENSA LIBRE] Are you not guilty of excessive optimism?

[Conte] If I lose my optimism, what sort of message would I be sending my officers? I preach by setting an example.

[PRENSA LIBRE] Lastly, are you satisfied with the work accomplished in these past few months?

[Conte] Yes, but I would like to be more satisfied, and I shall therefore devote even more of my energy to accomplish that goal. I like challenges. You can see already that things have gone well for us. The antikidnapping unit is one week old and has performed very well.

Honduras

'Diplomatic Sources': U.S. Pressed for Minister's Ouster

PA0905135695 Mexico City NOTIMEX in Spanish 2209 GMT 8 May 95

[FBIS Translated Text] Tegucigalpa, 8 May (NOTIMEX) — Honduran Foreign Minister Ernesto Paz Rodriguez today revealed he was pressured into resigning for "favoring a more independent foreign policy."

Paz Aguilar told the press: "I chose to resign rather than to renounce my principles. I was pressured by those who oppose a more independent and less subordinate foreign policy — a policy more focused on the defense of national interests." The minister, who declined to mention the source of the pressure, announced he will be replaced on Tuesday by the current economy minister, Delmer Urbizo Panting.

According to diplomatic sources, the U.S. Embassy in Tegucigalpa had been exerting pressure since 23 January to have him removed, apparently upset because some of the minister's actions regarding Honduran foreign policy. The sources said the U.S. Embassy was upset because Paz Aguilar endorsed Cuban Foreign Minister Roberto Robaina's official visit to Tegucigalpa in September.

"One of my mistakes was failing to assess the Honduran Government's vulnerability in the international environment. I made the mistake of believing that the end of the Cold War would allow us to overcome the situations of the past," he commented.

Alluding to the presence of thousands of Nicaraguan Resistance guerrillas in Honduras during the past decade, he said the liberal government of President Carlos Roberto Reina "attempted to change the beloved homeland's shameful face." Referring to the rapprochement with Cuba and the PRC, which he initiated just after assuming office, he said: "I thought the end of the East-West confrontation would pave the way for freeing relations with other countries from the clutches of ideologues."

After he won the 28 November 1993 elections, Reina pledged to try to change Honduras' image by what he called "washing the homeland's soiled face." At that time, Reina announced his government would establish diplomatic relations with Cuba, which had been severed in the early 1960's shortly after the victory of the revolution led by Fidel Castro.

Finally, Paz Aguilar admitted that his sister Maria de los Angeles Paz's involvement in the sale of three diplomatic passports, an offense that sent her to prison, was also another source of pressure on him.

Nicaragua

National Strike Begins; Managua Access Roads Blocked

PA0905023895 Managua Radio Sandino in Spanish 1200 GMT 8 May 95

[From the "What's Happening?" newscast]

[FBIS Translated Text] The national strike began today. It was coordinated by the Commission for the Defense

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of Credits, Property, and the Standard of Living [Comision de Defensa del Credito, la Propiedad, y el Nivel de Vida] and it was decided that it would be started in the departments.

In the capital, the members of the Medialuna Cooperative of Managua, on the city's east side, will gather at Norte Highway, in Ciudad Sandino, and at the Crucero intersection. Small- and medium- businessmen and industrialists and members of the community movement in the departments and in Managua will be backing the strike at the city's access roads and exits.

Roberto Gonzalez, a leader of the National Transportation Commission, has said there is no closing of the borders and no obstruction of traffic to and from neighboring countries and no order to affect cargo.

The strike will begin in the departments, and small and medium producers will block traffic at Managua's access routes. The transportation sector will meet today to decide the extent of its participation in the strike, which begins today.

Panama

Cuban Ambassador Says Rafters Not Entitled To Asylum

PA1005043595 Panama City ACAN in Spanish 2223 GMT 9 May 95

[FBIS Translated Text] Panama City, 9 May (ACAN-EFE) — Cuban Ambassador Carlos Alberto Mas Zavala told ACAN-EFE today that the four "rafters" who are hiding in Panama do not have the right to request asylum in this country.

Although the diplomat refused to give an in-depth comment on the issue, he did say, without going into detail, that "none of the four, as well as none of the rest (of the 8,000 rafters in the camps located in the Canal area), have any reason to ask for asylum" because "they are not persecuted" in Cuba.

"The person who asks for it (asylum) is one who is being persecuted, and he has no reason to request it if he is not being persecuted," Mas Zavala emphasized.

He also indicated that he understands that the four Cubans have not made contact with Panamanian authorities "and what they have done is to make demands, at times, I believe, a bit disrespectfully."

On another issue, Zavala added that the most recent migration agreement between the United States and Cuba, which will allow more than 22,000 rafters who are in the U.S. Guantanamo Base to be gradually transferred to U.S. territory, has a humanitarian character that is "valid" for all Cubans.

This agreement, he underscored, has "the specially humanitarian objective of getting our companeros out of the concentration camps, be they in Guantanamo or anywhere else, and this is valid for all those who took to the sea at that time."

Asked if Cuba would be willing to receive the four rafters who are in Panama, Mas Zavala said that Cuba has always been willing to receive and have "all its children" on its territory. However, he recalled that those who went to sea in rafts did so thinking that they would find a paradise in the opposite coast.

Panamanian President Ernesto Perez Balladares has asserted that visas will not be given to the four Cuban rafters who escaped from the U.S. Army camps in the Canal area on 20 January and who are hiding in this country.

The Cubans, whose names are Wilfredo Romanes, Danilo Sanchez, Orlando Romanes, and Jorge Luis Echemendia, have asserted that they will not surrender to U.S. authorities and will make Perez Balladares responsible for whatever happens to them.

The four "rafters" told the local EL SIGLO newspaper that they want to stay in Panama and asked that President Perez Balladares allow them the opportunity to live in a democratic country.

More than 8,500 Cuban rafters were transferred from Guantanamo to Panama between September 1994 and February 1995. Approximately 1,000 of them took part in the serious incidents of 7 and 8 December, and two of them drowned in the Canal when they attempted to escape.

Approximately 1,300 of the total number of Cubans sent to Panama have managed to enter the United States provisionally; most of them were chronically sick people, children, and old people, and their closest kin. Spain accepted another 110, and 10 of them went to Venezuela.

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Argentina

Patent Bill's Future Depends on Results of May Elections

PY1005015795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2019 GMT 9 May 95

[FBIS Translated Text] Buenos Aires, 9 May (NA) — The prevailing feeling at the Chamber of Deputies Industry Committee "continues to be to insist on approving the original bill" on patents, although "the matter depends on the results of the elections" on 14 May.

Committee Chairman Humberto Roggero (PJ) [Justicialist Party] explained the situation, adding that it is "natural" to think that "events will develop quickly after the elections on 14 May because composition of Congress will possibly change."

The Chamber of Deputies Industry Committee is waiting for the Senate to make a decision on the decree regulating the GATT agreement, which as of 1 January 1996 might replace the patents bill.

During the following months legislators must decide whether they will accept the Executive Branch observations, or whether they insist on the bill that was approved by both chambers of congress.

Roggero told NOTICIAS ARGENTINAS that the committee he presides over "has been called upon to make an in-depth analysis of the issue."

"We believe that we must insist on the original bill, but it is appropriate to point out that the question depends on the election results," Roggero said.

Industry Committee spokesmen think that the legislators might end up accepting the executive branch "observations." The committee will, however, wait for a Senate decision on the controversial patents bill, which includes the issue of pharmaceutical formulas.

In other circles, such as the ruling party bloc, the prevailing idea is to defer discussion of the issue until at least November.

The Radical [Radical Civic Union] bloc insists that Congress must override the executive branch veto, and insists on the bill that was discussed at length and was overwhelmingly approved by both houses of Congress.

"We will talk about it before the end of the year," PJ legislators repeat, although the Senate and Chamber of Deputies Industry Committees seem to be in a greater hurry, just as are the opposition congressmen, who are hurt by what they consider to be government "concessions" to U.S. pressures.

UCR, MID Present Alternative Government Proposal

PY0605034795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2242 GMT 4 May 95

[FBIS Translated Text] Buenos Aires, 4 May (NA) — When presenting the proposal put together by the alliance comprised of the UCR [Radical Civic Union] and the Integration and Development Movement (MID) on 4 May, UCR President Raul Alfonsin stated that the country needs "a radical turn-around" in the direction of economic policy.

Alfonsin said that Argentine economic policy must have "an industrial and export slant" so that "the world can constitute an opportunity for the country." He also questioned the deficit in the trade balance: "For the third time in a row, the balance of trade showed a deficit."

The former president pointed out: "We must put an end to the trade deficit, which the conceited economic minister said would not cause problems for the country."

During a news conference held at the UCR National Executive Committee this afternoon, Alfonsin and MID President Rogelio Frigerio presented a 14-point document in which they put forth an "alternative proposal to Menem's and Cavallo's model."

This initiative was drafted within the alliance Frigerio forged with the UCR to support the UCR ticket comprising Horacio Massaccesi as presidential candidate and Antonio Hernandez as his running mate.

Even though Massaccesi was not present at the news conference, as he was campaigning in the city of Rosario, he sent a letter in which he underscored the importance of "redoubling our efforts to propose to the public an alternative project to the model that is making most Argentines suffer."

Massaccesi said in his letter that "this proposal constitutes a step for establishing a national emergency government with the economic, political, and social sectors that are willing to seek justice through equal opportunity, respect for social rights, and an equitable share in the effort" we must make.

During the news conference, Alfonsin stressed that the proposal released today entails "a dramatic change" to "end the policy" furthered by the current model, which brings about "hunger, surrender, marginalization, and social disintegration."

Frigerio, for his part, asserted that this proposal "is a compendium of the measures that are necessary to set in motion a veritable national revolution that puts a stop to the policy of surrender and to the introduction of

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foreign values, and that constitutes the starting point for Argentina's development."

The proposal made public this afternoon propounds "promoting investments to step up production and create new jobs," the "dynamic" participation of the state to determine priorities and appropriate resources, and "the protection of domestic industry."

It also promotes "reducing and reallocating government spending by eliminating pockets of corruption, especially discretionary funds," and the reformulation of tax policy." [as received]

The document also underlines the need for "a credit policy that has as its objective the reconstruction of working capital and investment" and the refinancing of agricultural producers' debts.

The text states: "It is necessary to have genuine stability with growth by maintaining the nominal exchange parity and improving the real parity through appropriate tariffs and drawbacks."

It also stresses the importance of "pursuing a more active involvement in education and culture, the promotion and modernization of the scientific and technological systems and social services, and a pension policy that contemplates a considerable increase in minimum pensions."

Finally, the document refers to foreign policy, which must be "independent" and "defend territorial integrity" and "decision-making in subjects like nuclear policy and patents for pharmaceutical products."

Cavallo: Opposition Candidates Against Stability

PY0905022895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1956 GMT 8 May 95

[FBIS Translated Text] Buenos Aires, 8 May (NA) — Economy Minister Domingo Cavallo has said that Frepaso [Front for a Country in Solidarity] presidential candidate Jose Bordon "advocates fiscal policies that are incompatible with our economic stability" and that Radical [Radical Civic Union, UCR] candidate Horacio Massaccesi will provoke the return of high inflation rates if he becomes president.

Cavallo was interviewed by the magazine LA AVISPA [THE WASP], which belongs to the Union for the New Majority Study Center. In the interview the minister lashed out at both opposition presidential candidates.

Referring to President Carlos Menem, Cavallo said that the president has "the intelligence of a political leader" who has placed the economy "in good hands."

Cavallo said that Massaccesi means "a sure end to economic stability. This is clear in his province, where he made the mistake of pushing to the side the discipline imposed by the convertibility plan."

Cavallo said if the Frepaso candidate wins on 14 May "there is the risk that the country's economic stability will not be maintained, because he advocates fiscal policies incompatible with it."

He admitted, however, that "Bordon promised to maintain the convertibility plan, which would delay an inflationary crisis a bit longer than in a Massaccesi administration."

Cavallo said that if President Menem is reelected, it will be necessary "to complete the process of economic and societal reorganization" that is currently under way.

In Cavallo's opinion, the Argentina of the next five decades will be shaped by the way in which "the first 30 months of the next period are used."

Cavallo said that during this period it will be "indispensable to reform the labor regime and the social work and health system, and to convince the provinces to maintain fiscal discipline."

Cavallo said that one of the central axes of a new Menem administration will be "to increase the rate of internal savings through a strong education program."

The minister said that he agreed with a survey conducted by the Union for the New Majority revealing that 56 percent of the population believes that the country's stability will be maintained if Menem is reelected.

The minister said that these results show that the people "are more intelligent than some political leaders had previously assumed."

Asked about the role of the state in Latin America today, Cavallo said: "It must be the organizer and provider of services that are not offered on the market."

The minister said social policies must be implemented, particularly "at the municipal level, so that those who will benefit from public social spending are well chosen."

"What the government can do best in the areas of social as well as economic policies is to facilitate and promote the participation of the private sector," the finance minister concluded.

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Interior Minister: Dirty War Debate Shows Growing Maturity

PY0805211595 Buenos Aires BUENOS AIRES HERALD in English 6 May 95 pp 1, 11

[Article by Editor-in-Chief Andrew Graham-Yooll]

[FBIS Transcribed Excerpt] Argentina will be chasing after the lists of the "disappeared" for 50 years, but every stage is a sign of growing maturity, Interior Minister Carlos Vladimiro Corach said last night. He also announced an international conference against terrorism to be organized with the U.S. in Buenos Aires next August.

Speaking with the HERALD, Corach denied that the spate of mea culpa statements from the armed services would help President Carlos Menem's campaign. But he said that many other groups, including the Church, should also admit to their blunders in the past.

In an interview at the ministry, Corach hailed the extradition to Italy of former Nazi SS captain Erich Priebke, 82, decided by a court on Thursday, as payment of a pending debt humanity.

Speaking of Argentina's very brief democratic life and the need to support it, Corach, who turned 60 last week, became quite passionate. Political instability "had been Argentina's worst problem."

"The Armed Forces chiefs' statements won't damage and certainly do not benefit the President's election campaign. Not at present, however, history will give him credit. People do not realize this now, but the statements of the last week will be a historic landmark. Many things we think vital now will be mere footnotes in history, but the self-criticism of the armed forces will be a vital stage in the history of this decade.

"Many people grumble about others, 'going on about the lists of the desaparecidos' twenty years after the events. But 50 years will pass, and people will still talk about the lists of the missing, because the level of violence in the 1970s was a shattering experience. I remember looking at films about civil wars elsewhere, and how people walked by dead bodies without noticing them. Well, the same happened here. We sank to those depths.

"The irrational violence of the guerrillas, and the indiscriminate and brutal repression by the Armed Forces in the 1970s were the worst tragedies in Argentine history.

"The last week has been vital to the education of the people. Those of us who lived through those years can make choices, decide what to accept and what to reject." [passage omitted]

But Carlos Corach said that the statement of former Montoneros warlord Mario Eduardo Firmenich, who on Tuesday regretted taking up arms against the constitutional government of Maria Estela Peron, but justified the murder of former military president Pedro Eugenio Aramburu, "fell far short of self-criticism. I think that was not sufficient. The worst mistake of that group was to take up arms against an elected government (in November 1974). From then on, they lost their way." The minister dismissed the "offer by tape" to face an international UN court by former ERP [People's Revolutionary Army] guerrilla chief Enrique Haroldo Gorriaran Merlo. "If somebody wants to enter public life, why don't they join a political party, or even start one. But all this business of taped messages and underground groups is ridiculous."

The interior minister said that the common thread that linked all factions, the military and the guerrillas, "was the lack of respect for constitutional order." He said that in March 1976, there was only a short time to elections, "and I ask now if elections could have been worse than what happened after the coup." People in February 1976 said nothing could be worse than Mrs. Peron's government, yet there was, the minister remarked.

He hailed the current debate as a signal of Argentina's maturity. "Much less important controversies, such as being for or against Juan Manuel de Rosas, have lasted over a century. So Argentine society, 20 years after the coup, is showing remarkable signs of maturity and is a cause for pride." [passage omitted]

Armed Forces Joint Staff Head Declines Dirty War Mea Culpa

PY0805203795 Buenos Aires BUENOS AIRES HERALD in English 5 May 95 p 2

[FBIS Transcribed Excerpt] (DYN-NA) — Armed Forces Joint Chiefs-of-Staff head General Mario Candido Diaz seemed to cut short the sequence of military mea culpas for the Dirty War saying that officers who confessed to human right violations "should not have spoken."

Only a day after the Navy and the Air Force joined the Army in voicing a mea culpa, Candido Diaz said: "We have brought something up that should have been forgotten."

He said that both former Navy Captain Adolfo Scilingo and Army ex-sergeant Victor Ibanez, the two men who confessed that prisoners were thrown into the sea from aircraft during the Dirty War, "should have spoken before and not now."

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"They should have gone to confession and asked God for forgiveness."

Candido Diaz said that the Armed Forces were unable to reconstruct the list of people who disappeared during the Dirty War.

But Candido Diaz admitted that "both sides feel the pain of violent deaths which occurred at the time." [passage omitted]

Organization To Reconstruct Dirty War Events Proposed

PY0505225195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0347 GMT 5 May 95

[FBIS Translated Excerpt] Buenos Aires, 4 May (NA) — Enrique Gorriaran Merlo, one of the top leaders of the defunct People's Revolutionary Army (ERP) who is still alive and a fugitive from justice for his participation in the attack on the 3d Infantry Regiment headquartered at La Tablada, publicly reappeared today and, in a recording, proposed the establishment of an organization under UN auspices to "reconstruct" what happened in the country during the 1970's.

Gorriaran Merlo suggested that the military officers who participated in the countersubversive repression should testify before this organization, the makeup of which he did not specify. He also pledged to personally reveal "the absolute truth" about all the actions for which the ERP-PRT [Revolutionary Workers Party] assumed responsibility.

The former guerrilla leader has been one of the most wanted persons in the country since 23 January 1988, when an armed group comprising militants from the All for the Fatherland Movement — of which Gorriaran Merlo was the main leader — mercilessly attacked the 3d Infantry Regiment, as a result of which nearly 40 people from both sides were killed.

Gorriaran Merlo said: "Bearing in mind that Argentine justice has its hands tied by the Due Obedience and Amnesty Laws, the president's pardon, and Supreme Court rulings, and that it is public knowledge that during the 1970's people from other nationalities were killed and reported as missing, I think that a way to contribute to finding the long sought-for truth would be to resort to the United Nations." [passage omitted]

He added: "If we miss this opportunity, we may never have another. The people can even now reconstruct what happened based on most of the protagonists' testimonies. As time goes by, however, this possibility will be effaced and yesterday's uncertainties will be inevitably projected into the future as a permanent threat to all Argentines." [passage omitted]

Gorriaran Merlo further stated that some attacks on military units — and especially the attack on a regiment in Tucuman Province during which the daughter of a captain surnamed Viola was killed — were "unjustifiable." [passage omitted]

He noted that this death "was the most serious consequence" of the ERP's action, and reiterated that "we acknowledge our responsibility for the consequences of the actions undertaken by the ERP-PRT."

Former Generals Blame Peronists in Dirty War Controversy

PY0805211395 Buenos Aires BUENOS AIRES HERALD in English 7 May 95 p 1

[FBIS Transcribed Text] (DYN-NA) — The two-month controversy over military methods during the Dirty War antiterrorist campaign entered a new round yesterday when 70 retired military officers took out a paid ad which was short on self-criticism and long on justification of the 1976 military coup.

While their version of the Dirty War admitted to some "mistakes," they assigned the main responsibility to the Peronist governments of Hector Campora and Maria Estela Martinez de Peron, both for releasing detained terrorist suspects and for giving the Armed Forces orders to "annihilate the action of subversive elements."

They further argued that in 1976 there was a power vacuum which that Armed Forces had no choice but to fill, thus "complying with the requirements of the historic cycle."

Among those signing the paid ad was Reynaldo Bignone, the last president of the 1976-83 military regime, Bignone's interior minister Llamil Reston, Juan Bautista Sasiain and Jose Dante Caridi, who was an Army chief-of-staff under Radical President Raul Alfonsin, as well as retired Generals Pascual Pistarini, Ramon Diaz Bessone and Alcides Lopez Aufranc.

At the same time former Montonero guerrilla leader Gustavo Mechetti accepted the responsibility for "each and every action of the terrorist organization [no closing quotation marks as published] but he also defended Montonero leader Mario Firmenich when he said that "the death of General Pedro Aramburu was a mandate of the Argentine people."

Meanwhile Emilio Mignone, the head of the CELS Centre for Legal and Social Studies, dismissed as "absurd" the statements by Navy Chief-of-Staff Enrique Molina Pico that Navy Commander Alfredo Astiz was "morally up to being a naval officer."

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Finally, the Association of Buenos Aires Lawyers issued a statement saying that the recent self-criticism of the chiefs-of-staff of the Army, Navy and Air Force was not enough since they have "neglected to remove from their ranks those responsible for the atrocities committed." But they also recognized the "legal impossibility of new trials."

Bolivia

Five Coca Growers Released; Government Pressure Reported

PY0905152895 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 9 May 95

[FBIS Translated Text] We are now in contact with Jaime Calamani, permanent secretary of the Departmental Association of Coca Growers, Adepcoca.

[Begin relay] [Announcer] Good morning, Mr Calamani. Could you tell us which coca growers were released in the last few hours?

[Calamani] [Words indistinct] the coca growers who were released arrived at 0030 this morning at the Adepcoca offices. They are: Crisologo Mendoza, president of the Adepcoca; (Miguel Felisaia), vice president of the Adepcoca; and the leaders in charge of coordination among the five federations: Juan Torres, Segundino Montevilla, and engineer (Dante Lorine), who was an adviser to the coca growers. They are here in the Adepcoca offices. They are now resting because they arrived after midnight.

[Announcer] Do you have any information on the situation of Evo Morales, leader of the coca growers of the Chapare?

[Calamani] [Words indistinct] according to the Adepcoca leaders, Evo Morales was probably taken to the El Alto international airport to be transferred later to Cochabamba. But we still don't know that is happening. Perhaps he was released after midnight. Morales was supposed to be released with the other leaders.

[Announcer] Thank you very much, Mr Calamani. We understand the released leaders are now resting. But we can certainly report that the Adepcoca leaders were released early this morning, and that Evo Morales was reportedly taken to El Alto airport to be transferred to Cochabamba, where he will probably be released. [end relay]

We reiterate that several coca grower leaders were released this morning in La Paz. They are now in the Adepcoca facilities in Villa Fatima in La Paz. Evo Morales is reportedly in the El Alto international airport, from where he will be transferred to Cochabamba and released. The release of these leaders is probably a government answer to the fact that the coca growers decided to fulfill their coca eradication commitment.

But before this information was disclosed, the General Trade Union Confederation of Peasant Workers of Bolivia denounced what it views as the government's purpose, namely, to extradite Evo Morales to the United States. Leader (Simar Victoria) labeled the situation as serious, and supported his denunciation with the testimony of peasants who had been detained and banished, who were reportedly forced, through physical and psychological torture, to accuse Morales of being subversive.

We have a report by (Hans Soria) from Cochabamba:

[Begin (Soria) relay] Complementing the information you just disclosed, I would like to report that there is confusing information on the part of the government, with the purpose of gaining time for the eradiction of coca. The confusing information relates to the release of Evo Morales or the charges the government is reportedly fabricating against him. Coca leader William Condori said those who were arrested and banished were pressured to testify against Evo Morales to involve him in subversive activities. Condori said that if the government resorts to forced testimony, coca growers will have no choice but to suspend the voluntary coca eradication that started yesterday in the Chapare and to exert pressure through radical measures. [end relay]

Release of Leaders Confirmed; State of Siege Continues

PY0905170795 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 9 May 95

[FBIS Translated Text] [Announcer] We are in direct contact with Interior Under Secretary Hugo San Martin. Good morning, Mr. San Martin. We would like to know the latest information on the steps taken by the government regarding the release of several union leaders.

[San Martin] Good morning. It is a pleasure to be on your program. I would like say that since last Saturday, 6 May, all the people who were banished have been released. The last group coming from Ramon Dario arrived at 1600. Their arrival practically represented the end of the negotiations that led to the signing of the act of understanding with the Bolivian Labor Federation [COB], by which all those banished would be released.

[Announcer] We would like to know about the case of coca grower leader Evo Morales. Some of the leaders were released in La Paz. There are reports that Morales

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would be released in the next few hours in Cochabamba. What can you tell us about this case?

[San Martin] The case of the coca growers was fully in the hands of the Technical Judicial Police. We believe that some coca grower leaders were released last night and that others will be released this morning. But this is an internal affair of the Technical Judicial Police because there was some evidence that seven individuals were involved in criminal activities related to articles of the penal code or Law 1008.

[Announcer] I would also like to ask you what will happen with regard to the state of siege. An important meeting of prefects called by your ministry will be held today and everything seems to indicate that this measures may be lifted. Do you believe there are conditions in Bolivia to lift the state of siege?

[San Martin] The state of siege is a juridical instrument that acts as a defensive factor when the values at risk are collective security and social peace. We believe conditions still do not prevail to lift the state of siege because we think it will be a few days before peace prevails throughout the country. Only after this is achieved will the state of siege no longer be needed. The government has not made the state of siege more flexible. What it has done is to make the government measures more flexible regarding the hours during which people can move about at night. The state of siege in the country will remain in force for a while yet.

[Announcer] I would like to ask you about the leaders of the teachers' union, because they announced a hunger strike for today at noon if Vilma Plata and other teachers are not released. Can your secretariat lift the charges against the detained teachers?

[San Martin] The case of the teachers' union leaders was never included in the negotiations held to secure the act of understanding with the COB. We believe the condition of their union leaders stayed at a secondary level when it was verified there were charges against them. In other words, many of their activities fell into the category of crimes as established in the penal code. Therefore, their case is moving along normally. The Technical Judicial Police did their work. Naturally, they are now under the jurisdiction of a court, and it is up to a judge to determine their guilt.

[Announcer] Of course, but when one part accuses the other and then lifts the charges, they could be released — if the charges are lifted. Could this happen?

[San Martin] There are no possibilities in this regard. I believe we have to act with respect for the law and the Constitution. Only by respecting democratic rules will we be able to create better conditions for the future.

[Announcer] Mr. San Martin, we are very grateful for your courtesy toward the audience of this program.

Government, COB Reach Agreement on Teachers' Salaries

PY0905150795 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 9 May 95

[FBIS Translated Text] The government and the COB [Bolivian Labor Federation] have solved the problem related to the discount of the teachers' salaries.

The agreement was reached during a seven-hour meeting held last night at the Labor Ministry. Presidential Minister Jose Guillermo Justiniano said, without giving any major details, that the teachers will work additional hours and will receive special pay for those hours. This means that during the winter vacation and for a two-week period in December, the teachers will recover the 32 days lost during the latest general strike.

COB leader Oscar Salas said the government also confirmed that all the people detained during the latest social conflict will be released in the next few hours, that is, 12 people under arrest, of whom eight are coca growers and four are La Paz teachers.

Former President Banzer's Popularity Rising

95P20763

[FBIS Media Note] "If elections were held today, [instead of in 1997] for whom would you vote?" This question was posed to 2,406 people from the cities of La Paz, Santa Cruz, Cochabamba, Potosi, El Alto, Tarija, Sucre, and Oruro by "Encuestas y Estudios" from 14-20 March. The results, published in La Paz PRESENCIA on 16 April, revealed that 16.6 percent of those polled chose Carlos Palenque head of Conscience of the Fatherland (CONDEPA); 13.6 chose President Gonzalo Sanchez de Lozada of the ruling Nationalist Revolutionary Movement (MNR); 11.4 percent favored former President Hugo Banzer Suarez, head of Nationalist Democratic Action (ADN); 8.6 percent chose former President Jaime Paz Zamora, head of Movement of the Revolutionary Left (MIR), and 6.5 percent chose Solidarity Civic Union's (UCS) Max Fernandez. The poll also revealed, however, that 32.1 percent of respondents said they wouldn't vote for any of the above politicians and 9.2 percent did not respond.

Carlos Palenque received the greatest support from respondents in El Alto (45.8 percent); Hugo Banzer from respondents in Potosi (30.8 percent); Jaime Paz Zamora from respondents in Tarija (32 percent); and Sanchez

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de Lozada from Oruro (28.1 percent). According to the poll, Hugo Banzer's rising popularity can be observed by the fact that he led in three cities—Potosi, Sucre, and Cochabamba—and came in second in two others—Tarija and Santa Cruz—something not attained even by Carlos Palenque who came in first in La Paz and its satellite El Alto.

Foreign Minister Aranibar Visits Cuba, Meets Robaina

PY0605001895 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 5 May 95

[FBIS Translated Text] Bolivian Foreign Minister Antonio Aranibar and Cuban officials today began negotiations in Havana toward the signing of bilateral cooperation agreements.

Aranibar went to Cuba with International Relations Secretary Jaime Aparicio. Last night he was welcomed by Cuban Foreign Minister Roberto Robaina and diplomatic officials from both countries.

Arriving in Havana, Aranibar praised the current state of relations between the two countries. A source close to the bilateral talks — which began at the Cuban Foreign Ministry — said two cooperation agreements covering several areas will be signed.

His stay in Cuba will end on Sunday, 7 May. Aranibar will also meet with government officials and rectors of Cuban scientific institutions.

Brazil

Cardoso: Raytheon Will Remain Part of Sivam Contract

PY0905223595 Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 May 95 Section 1 p 6

[FBIS Translated Text] London — President Fernando Henrique Cardoso yesterday hinted at the possibility that the Brazilian ESCA [Automation and Control Systems Engineering] company be excluded from the Sivam (Amazon Region Surveillance System).

ESCA is accused, among other irregularities, of failing to pay contributions to the social security system, a fact that would have disqualified it from participating in the project.

The Sivam is a radar and satellite system project to control the Amazon region's land and air spaces.

Although President Cardoso said during a news conference that "the government cannot run on rumors," he clearly stated that irrespective of the results of the government investigations, the U.S. Raytheon company, which is associated with ESCA, will remain in the project.

Cardoso said: "We already decided on that foreign company; the only problem has been created by the Brazilian company."

He immediately added: "If the looming suppositions come true, the law will be respected." (That is, ESCA will have to be replaced by some other Brazilian company.)

The guarantee that the U.S. Raytheon company will remain is a ploy to avoid U.S. pressure.

Throughout the process of selecting companies to participate in the Sivam project, the U.S. Government insisted that Raytheon be chosen.

According to the NEW YORK TIMES, the CIA warned the Brazilian Government that Raytheon's main contender, Thomson from France, bribed some officials to win the contract.

President Cardoso said yesterday that after charges were raised that ESCA failed to pay into the social security system, the contract between the government and the two companies was frozen until "the appropriate institutions give their opinion" on the case.

Cardoso Rules Out 'Wild Privatizations' While in UK

PY0905155295 Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 May 95 p 1-7

[Article by Clovis Rossi, special correspondent in London, and Rogerio Simoes from London]

[FBIS Translated Text] On 5 May President Fernando Henrique Cardoso rejected the argument of "wild privatizations. "This is a recurring topic with the conservative parties such as the PFL [Liberal Front Party], and especially with the economists of the PPR [Progressive Renewal Party], who formerly, on 4 May, decided to support the government.

During an improvised news conference that he gave during the afternoon at the entrance to the Brazilian Embassy in London, 54 Mount Street, where he is staying, the president said that "wild privatizations is an expression that does not respond to reality nor to the national interests."

Regarding privatizations, and with the same caution, Cardoso said that "it is not a question of pressing a button, and privatization is implemented."

He insisted that the state must play a regulatory role: "You cannot believe that the state has nothing to do

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after the privatization has been implemented. The state has to see that the privatization benefits the population. The department that controls the energy sector in the United States is very powerful; here (in England) it is also powerful."

The president defended a new model for the state that will be capable of exercising such a control, and he stressed that the Mines and Energy Ministry is already working on the reorganization of the DNAEE (National Waterworks and Electric Energy Department), which is the organization that controls the energy sector.

"The government always has to have the capability of observing whether the enterprises are following the rules, of preventing private monopolies, and of making privatization a process for decreasing costs and for benefiting the consumer," the president said.

All these provisos to the very strong government remarks concerning privatization were expressed, paradoxically, after Cardoso met with the presidents of British Gas (which has been privatized by the British Government), Cedric Brown; of the Midland Bank, William Burves; and of the Rothschild Bank, Evelyn Rothschild. [names of three enterprises given in English]

All of them left their meetings [with Cardoso] expressing their interest in Brazil's privatization process.

The president of British Gas even said that "I am extremely excited" (at the prospect of a partnership with Petrobras [Brazilian Petroleum Corporation] in Brazil and the same thing in other countries).

The British company is associated with Petrobras in the construction of a gas pipeline from Bolivia to Brazil. This was the project that was discussed with Cardoso.

But he admitted that the gas pipeline still depends on a number of issues, such as the volume of gas that will be transported and the price that Bolivia will ask.

Burves was more laconic. Regarding investment in Brazil, he preferred to say: "Things take time; nothing is immediate."

Evelyn Rothschild made a point of recalling that her group has the greatest experience in privatizations throughout the world. She noted that it has been in Brazil for more than 150 years, and that it would like to participate in eventual privatizations in the areas of energy, natural resources (in an obvious allusion to Vale do Rio Doce), and state banks.

But the banker went even further: She suggested that modifications be made in Brazil's labor legislation, which "is more rigid than here." Motive: When state enterprises are privatized, there is a tendency to fire personnel in order to increase the competitiveness of the new enterprise.

Rothschild placed nearly all the responsibility for accelerating privatization in Cardoso's hands.

She stated that basically they depend on "political will," and she recalled that Margaret Thatcher, British prime minister from 1979 to 1991, carried out a privatization blitz.

"Nothing would have happened without her," Rothschild stressed. With these words, she is defending "wild privatizations." It was exactly what Thatcher did in the United Kingdom.

Cardoso Arrives in Rio de Janeiro

PY0805131895 Sao Paulo AGENCIA ESTADO in Portuguese 1219 GMT 8 May 95

[FBIS Translated Excerpt] Rio de Janeiro, 8 May (AE) — President Fernando Henrique Cardoso and his wife Ruth have already arrived in Rio de Janeiro, and are now heading for Laranjeiras Palace. General Plinio Pintaluga, 86, president of the National Veterans Council — who arrived with Cardoso a few minutes ago — said that the president's trip and his diplomatic agenda, which have reaffirmed the importance of the Brazilian participation in World War II, will give the military an opportunity to demand better salaries. [passage omitted]

Prioritizes Economic Reform Over Tax Reform

PY0905222995 Rio de Janeiro O GLOBO in Portuguese 8 May 95 p 3

[FBIS Translated Text] London — President Fernando Henrique Cardoso yesterday emphasized that he would send the tax and administrative reform bill to Congress only after the voting schedule on the economic and social security reform bill is completed.

President Cardoso said it would be fruitless to open up new lines of discussion as long as those issues had not reached the final stage of negotiations. In the meantime, Fernando Henrique Cardoso will take the opportunity to negotiate the tax reform with the governors, review this issue within the government's economic team, and guarantee peace for the congressional fiscal reform subcommittee so they can complete the job of systematically arranging all the bills already submitted to Congress.

President Fernando Henrique Cardoso, who yesterday received an honoris causa doctoral degree from the London School of Economics, said: "I hesitated a bit over how to put the reforms into practice. Congress is making decisions about the economic reform with

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alacrity. We are going to try to approve the reform this year, but we first have to get through the social security reform and the economic reforms."

Besides being interested in maintaining favorable dispositions toward amendment of the Constitution within the economic reform package, the head of state said that he does not think it is fair to discuss issues like the administrative and tax reforms without consulting state governors, because all these reforms directly affect states and municipalities.

The president said: "It has never crossed my mind to implement a new revenue-sharing scheme between the Federal Government, states, and municipalities without first discussing it with states and municipalities. It would not be right to decentralize without seeking the governors' advice."

However, Cardoso is aware that such a delay may be damaging for his administration. If the new tax system is not enacted this year, but in 1996, the government will only be able to collect those taxes in 1997. Until the end of this year, the Treasury still has funds available from the Social Emergency Fund (FSE), which goes out of existence in December.

Announces Housing Program for Poor Sectors

PY0905160695 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 9 May 95

[Second address by President Fernando Henrique Cardoso in the weekly program "Word From the President," aired over a voluntary radio network — recorded]

[FBIS Translated Text] Today I bring good news for low-income families, for those patient people who have been waiting for years to buy a lot or a house. As of now, 27 percent of FGTS [Severance Pay Fund] funds, which belong to workers, will be destined for construction and remodeling of houses; obtaining of ownership certificates; and purchase of lots with water, electric power supply, and sewage system services, for families earning up to three minimum salaries, who are the poorest.

In the past, FGTS funds destined for those families did not surpass 5 percent. After three years without releasing any money for new projects, this year the FGTS will release 1 billion reals — I will repeat, 1 billion reals — which is sufficient to help more than 250,000 families.

This FGTS money will be invested in two programs: the housing and sanitation programs. We will first benefit the peripheral areas in large cities, which house the majority of the poor in our country.

We are now certain that the FGTS money will be properly used. Contrary to what occurred on many occasions, funds will not be diverted for political purposes. How will this be accomplished? You, in your own city, will participate and will exercise control.

I will give a better explanation on the operation of the housing project. The state or municipal governments will determine the projects with the community. Immediately, the projects will be submitted to a community council that will have representatives of the community. The council will examine the various projects and will approve those that are more important, those that will benefit the poorer sectors.

The approved projects will then be submitted to the Federal Savings Bank, which will release the funds. This way, mayors will no longer have to go to Brasilia or pay middlemen to obtain funds.

The same system will be adopted for sanitation projects, in order to expand drinking water and sewage services.

The process for receiving FGTS funds is simple. We will explain all the details in a primer that we will submit to mayors and governors as of next month. The secretariat of the Community in Solidarity Program will monitor government organs in order to avoid bureaucracy, which complicates and delays projects.

It will be a work of true partnership among the Community in Solidarity Program, the people, and the municipal and state governments.

I know the funds are still insufficient, if we take into account the large number of families in need. Yet the figure will be multiplied, because municipal and state governors will also release funds to augment the federal funds.

I am making this announcement today, because I know this an important program that will succeed.

We are experiencing a period of hard work and good news for our country. Last week, lawmakers began to vote on the proposals that will improve our economy. I was very happy about the fact that even opposition deputies voted in favor of the proposals. This is so important that in one of these programs I will refer to the voting in Congress.

Yet today I preferred to give this good news about the housing and sanitation programs for the people who most badly need government attention: the poorer sector.

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Editorial Questions Need for Sivam Project

PY1005003795 Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 May 95 Section 1 p 2

[Editorial: "The Sivam Case"]

[FBIS Translated Text] The government intends to spend $1.4 billion on Sivam (Amazon Region Surveillance System). That is a very big sum to spend, just like that, without first demonstrating the need and real scope of the project, which by the way is the object of great doubts regarding the honesty with which it is being conducted.

As for the need for it, it does not have consensus approval, not even among the military. The harsh criticism of it by General Thaumaturgo Sotero Vaz, retired, former Amazon Military Region chief of staff, who qualified it as a "white elephant," suggest that the administration still owes society an explanation about the real need to monitor the Amazon region through such a complex radar system.

The current situation, in which there is a lack of funds in so many fields, and in which the cutting of public expenses is so much talked about, demands that all the administration's investment projects be very well explained.

Even if one supposes that the monitoring of the Amazon region is a priority for Brazil, one must ask oneself whether Sivam has not been overly dimensioned. Is it really necessary to spend $1.4 billion? Wouldn't less ambitious alternatives be capable of saving some millions for the Treasury?

There are also doubts regarding the need to call an international bid for the project, in a process that involved pressures from various governments, and in which CIA participation has been mentioned. Is it that Brazil really does not have the technology to build a radar system capable of covering the Amazon region, perhaps with some advantage for the Treasury?

These are just a few more doubts that add to the many suspicions involving the tortuous Sivam case. An administration that alleges that it does not have the funds for health and education must clarify things before spending $1.4 billion on a radar system.

CUT Decides To Negotiate Constitutional Reforms

PY0905221695 Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 May 95 Section 1 p 9

[Article by Cristiane Perini Lucchesi]

[FBIS Translated Text] The national executive board of CUT [Sole Workers Center] has reconsidered its position, and decided during a meeting that ended yesterday to negotiate with the government on the constitutional reform even if the government does not withdraw its amendment proposals from Congress.

The position formerly maintained by CUT was to negotiate only if the government withdrew its proposals.

CUT leaders engaged in a hot debate, and the final position supported by the Union Coordination [Articulacao Sindical] faction of CUT, which is presided by CUT President Vicente Paulo da Silva, Vicentinho, was approved by 55 votes to 28, with seven abstentions.

The Classist Union Faction [Corrente Sindical Classista] (PC do B) [Communist Party of Brazil], PSTU (Unified Socialist Workers Party), and CUT for the Bases [CUT pela Base] factions, the other main political trends within the CUT executive board, voted against.

CUT decided to create a committee that will debate each item of the reform with another government committee, as proposed to Vicentinho by Labor Minister Paulo Paiva and President Fernando Henrique Cardoso himself.

The CUT executive board also approved a document that defends the "popular reforms" (those of CUT) and rejects the "neoliberal reforms of Cardoso."

"It was a change of tactics. We must participate in the debate and defend the reforms that are really necessary," said Vicentinho.

Jose Maria de Almeida, president of the PSTU and CUT director, said that he voted against the proposal because "the government is demonstrating that it does not want to negotiate." However, he said he will respect the decision made.

According to Vicentinho, CUT accepts discussing all the items of the reform with the government. "We continue to support the oil and telecommunications monopolies and retirement based on years of service. I do not think we will reach an agreement regarding this," Vicentinho said.

CUT Secretary General Joao Vaccari said CUT will coordinate with other political parties the introduction of their own amendment proposals in Congress.

CUT's idea is to change the voting agenda of the amendments and to try to begin the debate with the fiscal, tax, and labor relation reforms.

Regarding these subjects, CUT has a common proposal with the Sao Paulo State Federation of Industries, FIESP, among other organizations, which will be handed in to President Fernando Henrique Cardoso.

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During the meeting CUT approved its own proposal for the social security reform.

CUT wants a social security system administered by an organization in which the government, businessmen, workers, and retired workers have equal participation. It also foresees unified retirement criteria for military, public, and private workers.

CUT accepts discussing the special retirements case by case but it defends the end of "privileges" for congressmen.

Role, Stature of VP Maciel Discussed

95SM0315E Sao Paulo VEJA in Portuguese 19 Apr 95 pp 26-27

[Article by Expedito Filho]

[FBIS Translated Text] At age 54, having spent 31 years in politics, Vice President Marco Maciel is 6 feet 2 inches tall and weighs 140 pounds. Despite his butterfly chassis, he is becoming the strong man of the Fernando Henrique administration. This week, when the boss goes to the United States, Maciel will be acting president. Mindful of the decisive rituals of politics, he has already learned that the worst thing a vice president can do is irritate the man who holds that post by right. That is what Aureliano Chaves did to Joao Figueiredo: During the absence of his lazy boss, the VP made a point of arriving at the office bright and early. Maciel knows his function at Planalto Palace will be merely ceremonial and will do whatever he can to walk on the sidelines so as not to be noticed. That is the way Marco Maciel is making his presence felt in Brasilia. He is expanding his scope of action and conversing more and more—but not even the president accuses him of stealing the limelight or complains about his loquacity. A month ago, when Planalto Palace's lack of political spade work threatened to produce confusion, President Fernando Henrique began treating Maciel like his bishop in the relationship between the administration and the legislators. "No one has said so, but we know that in practice, Marco Maciel has become the government's deal maker," said a close adviser to President Fernando Henrique.

Last week, Marco Maciel opened the doors of Jaburu Palace twice, at the request of Fernando Henrique. On Monday, he entertained the officers of the Chamber and Senate. Also present were Minister of Communications Sergio Motta and Secretary-General of Planalto Palace Eduardo Jorge Caldas Pereira. The next day, he arranged another dinner at Jaburu, this one for the leaders of the government and the chairmen of the Senate committees. He invited three ministers: Jose Serra (Planning), Adib Jatene (Health), and Clovis Carvalho (Civil Household). Fernando Henrique, who attended both gatherings at Jaburu, discovered that holding them at the official residence of the vice president brings nothing but benefits. When he would open the doors of Alvorada Palace for political gatherings, the president worried about offending legislators who were not invited and, as host, he had to stay until the end of the party. At Jaburu, he does not provoke such jealousy and can arrive and leave whenever he chooses.

"Have You Talked to Marco?"

This means that the VP stands taller than he was on 3 October 1994 (Election Day) or when he was sworn in on 1 January. "He has been a big help," Fernando Henrique acknowledges. During the campaign, the president was not happy that the PFL [Liberal Front Party] had chosen Maciel as his running mate to replace Guilherme Palmeira. He thought Maciel's past made him too sympathetic to bayonets and Urutus. But now he finds him talented. Fernando Henrique addresses him as "president" and whenever some nearby minister makes a suggestion that requires a decision by Congress, the question from Fernando Henrique invariably is: "Have you already talked to Marco?" The president phones him directly, without going through a secretary. Treated deferentially at Planalto Palace, he even has a ritual of daily meetings with the president's closest aides, like Minister Clovis Carvalho, Secretary Eduardo Jorge, and legislative adviser Eduardo Graeff. But he is not unanimously held in such high regard. "I've already warned Fernando that the day when Marco Maciel shows up as the administration's official political deal maker, I'm leaving," Minister Sergio Motta confided to a friend last week.

With Motta for an enemy, the VP's charm may end up in a pie-throwing episode a la Abbott and Costello, but right now he has become a bulwark of the administration. Two weeks ago, he called his political protege, Deputy Inocencio Oliveira (PFL-Pernambuco), on the carpet. Oliveira wanted to detach the vote on the minimum wage from the plan to reform the Social Security system. The very next day, Inocencio took the floor, stammered his apologies for the mistake, and insisted that yes, he is still an administration man. Maciel was also the source of the recommendation that Fernando Henrique not attend the Sudene [Northeast Development Superintendency] meeting held at the end of March. "You still do not have a message or plan for the northeast," he pointed out. Fernando Henrique did not go, and put Maciel in charge of developing such a project for the region. He has also entrusted him with missions in the area of patronage, which the VP has discharged with discretion. Maciel prevented a rebellion over jobs by the northeastern leaders of the PFL and PMDB [Brazilian Democratic Movement Party] when

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the president decided that appointments to the Bank of the Northeast and the Federal Savings Bank would not be political, but technical. He managed to prevent Pernambuco Governor Miguel Arraes from joining the front formed to fight the administration's reforms, proposed by Luis Inacio Lula da Silva, of the PT [Workers Party]. He argued that it would be a very poor timing because the administration had not yet decided which northeastern state would get the new Petrobras [Brazilian Petroleum Corporation] refinery. He made his point.

"Social-Liberal"

In the recent history of this Republic, Marco Maciel is a rare bird. There is no precedent for a vice president discharging important functions and having become increasingly closer to the president in order to do so. The opposite is more common. In the Fernando Collor administration, Itamar Franco grumbled in the exile of his vice president's office and, during the torment of the impeachment, distanced himself from the president once and for all. In the last military government, Vice President Aureliano Chaves actually built a bunker against General Figueiredo by assisting Tancredo Neves in his Electoral College victory. Maciel has taken the opposite tack, obviously comforted by the fact that Fernando Henrique represents a regime that is neither bankrupt nor on the brink of losing its political rights. "I am not a vice president of the PFL," he warned. "I am not a liberal, nor a neoliberal. I am Fernando Henrique's vice president and I feel like a social-liberal." As we know, there is no such thing as this social-liberalism. It is a doctrine that suits Maciel, who has never held any convictions whatsoever, except that he wants to be close to whomever has the power—so much so that he has served the military, Sarney's New Republic, Fernando Collor's Republic of Alagoas, and now the *tucanato*. If he talks to someone for more than 10 minutes, he always makes him a present of a pamphlet containing Fernando Henrique's final speech in the Senate. "That's our Bible," he tells the unlucky recipient.

The Slaves

As vice president, Marco Maciel supervises 27 advisers accommodated in the 10 rooms that comprise his office complex in the basement of the Planalto Palace annex. He has another 55 support personnel, including the staff at Jaburu. There are gardeners, cooks, servants, and security staff. After three decades of political life, Maciel carries with him a handful of longtime loyal advisers. At least three of them get VIP treatment: Antonio Araujo, Julio Locio, and Alfredo Jean Bastiani da Silva. All have worked for the VP for more than 10 years. Because of the hours they keep—sometimes 16 hours a day—Maciel's friends refer to all three by the same nickname: Slave Antonio, Slave Julio, and Slave Alfredo. It is not unusual for the vice president's schedule to include meetings scheduled for 2400 or 0100. Maciel is the kind who takes work home with him. In 10 weeks, he has granted an average of nine audiences a day, answered 1,365 letters and telegrams, and still had time to spend at least two days a week traveling around the country.

"He is the ideal vice president," said Chamber President Luis Eduardo Magalhaes, of the Bahia PFL. "He knows the Congress as few others do, is discreet, and takes action only when the president asks him to." Maciel says little and has a practical sense of the things that mortify the tucano academics. In gatherings at Jaburu, while Fernando Henrique gives a political message, the VP limits himself to greeting guests and inquiring about the health of their wives and children. He gives personal opinions only when asked, especially because he knows that discussing such things is usually a waste of time. He prefers to give advice, which the boss may or may not accept. Two weeks ago, Maciel entered the president's inner office and said: "I don't think Sarney's idea to free up the Senate's agenda is good for the administration." As Maciel saw it, if the senators were to vote on everything on their agenda, they would soon start blaming the government for not working hard enough and not sending down bills to be studied. FHC agreed with the message but, during the dinner at Jaburu, the one who took charge of asking the senators to "cool it" was Minister Sergio Motta. Maciel, who was present, said nothing.

His style includes an eclectic agenda. He schedules meetings with the CUT [Sole Workers Central], the CNBB [National Conference of Brazilian Bishops], or the OAB [Brazilian Bar Association]. He receives businessmen and doesn't shrink from giving vent to his statist heart. He maintains contacts with legislators of all stripes. He is an admirer of Deputy Jose Fortunati, of the Rio Grande do Sul PT. The feeling is mutual. "Maciel represents a loyal, modern, and trustworthy Right because he does everything he says he will do," said Fortunati. He never fails to return a legislator's phone call. Along with routine meetings, his daily schedule includes a list of people's birthdays. Last Wednesday, Minister of Justice Nelson Jobim was surprised to get a congratulatory call from the VP on the occasion of his 49th birthday. A Catholic, he attends Mass every weekend and prays for 30 minutes at least once a day. He always leaves by the same door he came in and goes down in the same elevator he went up in. Refined in his manner, he is incapable of uttering profanity. He addresses every ally as "dear friend," and

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when he gets annoyed, the worst he will permit himself to say is an exasperated "Shucks, darn it!"

Serra's Expanding Economic Role Examined

95SM0315A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Apr 95 p D5

[Article by Ribamar Oliveira and Ricardo Amaral]

[FBIS Translated Text] Brasilia—It took almost 10 months, but Jose Serra did it. Ever since the Real Plan was introduced, when Serra was still a PSDB [Brazilian Social Democracy Party] deputy, he has expressed opposition to the economic team's foreign exchange policy and the rapid pace of trade liberalization. He called members of the team "card-carrying liberals" and remarked that many of them were "playing with fire" because they lacked leadership experience. He talked so much that President Fernando Henrique Cardoso decided to listen to him. Now planning minister, Serra is the strong man of the economy. Some say he has become the very face of the administration.

"The Serra Plan has begun," commented Deputy Delfim Netto (PPR [Progressive Renewal Party]-Sao Paulo) when he heard that the administration had announced measures raising the tariffs on imported cars. Delfim does not think the issue is just a struggle for power within the cabinet, i.e. that the planning minister has sidelined Minister of Finance Pedro Malan. "With Serra's dominance, *cepalina* theories are making a comeback," the *paulista* congressman argued, referring to theories advocated by the UN's Economic Commission for Latin America and the Caribbean (CEPAL), for which both Fernando Henrique and Serra used to work.

Perhaps Delfim is exaggerating again when he talks about the return of CEPAL theories—mainly because those ideas are not the same as in the 1960's and 1970's, when the organization advocated import substitution and the closing off of national economies so that local industry could develop. Today, CEPAL theoreticians believe the formation of economic blocs is inevitable, and they urge the competitive integration of the poorest countries.

But Serra's ascent within the cabinet certainly does have an ideological content. "He's not just eager for power; his training is different from those people who adopted neoliberalism," said Rio Grande do Sul Senator Pedro Simon (PMDB) [Brazilian Democratic Movement Party]. "His is a leftist trajectory. Deputy Almino Afonso (PSDB-Sao Paulo), the administration's assistant leader in the chamber, chimed in. What is surprising is that he was not named finance minister from the outset," Simon added. It was not for lack of effort by the current planning minister.

When the president-elect was assembling his cabinet, there was unanimity among his political allies and even among the *tucano* bosses on one point: Serra should not have command of the economy, not only because of his unwillingness to delegate authority, but because ever since the outset he had expressed opposition to some of the theories held by the Real Plan team—particularly the rapid trade liberalization and the policy of a fixed exchange rate. "He will want to develop a new plan," one of his aides told former President Itamar Franco. Fernando Henrique thought so, too. He offered Serra the Ministry of Education. Serra turned it down.

Fearful of the excessively liberalizing course steered by the economic team, the better-organized sectors of the business community let President Fernando Henrique know of their desire to see Serra in the number-two post in the economic area. To the surprise of economist Paulo Renato Souza and *tucano* bosses, Serra, although elected to a senate seat, ended up at the Ministry of Planning. Since then, he has made inroads throughout the economic field, spurred especially by the collapse of the Mexican economy.

His influence on the Esplanade of Ministries in Brasilia extends to the private office of Minister of Labor Paulo Paiva, a former militant in Popular Action (AP), a leftist group to which Serra, Sergio Motta (communications minister), and Paulo Renato (education minister) belonged in the past. At a recent meeting with union leaders, Paiva hinted at some of the changes in exchange policy later imposed by his more influential colleague. "The buildup of reserves served to launch the new currency, but the exchange anchor cannot do the job over either the long or medium term," Paiva said. "The right thing would be to adopt a multiple anchor for the currency, and to do that we would have to achieve a fiscal surplus," he explained to the union audience.

That is what Serra is doing, with his budget-cutting policy and vigilance over the Treasury's cash flow. "He is creating a fiscal anchor by force," said a prominent legislator. "If they let him, he'll do everything by means of 'provisional measures,' which could be very bad politically, but can only enhance his role within the government." While signing the decree that raised import duties on 100 items, Serra was talking on the phone with Inocencio Oliveira, the PFL [Liberal Front Party] leader in the Chamber. "Right now I'm signing a 70-percent tax on cars," Serra reported. "You sound as happy as a kid at Christmas," replied Inocencio. After hanging up, Oliveira concluded: "Now it's all in the hands of the Man."

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CNI Assumes Lead Lobby Role in Congress

95SM0315C Sao Paulo GAZETA MERCANTIL in Portuguese 24 Apr 95 p A10

[Article by Brasilia correspondent Maria Cristina Fernandes]

[FBIS Translated Text] Brochures in hand and seated strategically in the chair nearest the exit door, Jose Guimaraes waits to approach the first deputy who passes his way.

Bored with the testimony of Minister of Telecommunications Sergio Motta, who caused a stir in the halls outside the Chamber committees last Tuesday, Gerais Newton Cardoso (PMDB) [Brazilian Democratic Movement Party], congressman and former governor of Minas, spots Guimaraes as he leaves the committee room and immediately says "I'm with you people."

That was a lucky day for Guimaraes, who represents the Interstate Federation of Telecommunications Workers. Seven of every 10 deputies he approaches who serve on the special committee that is studying the government's amendment to relax the telecommunications monopoly are on "the other side."

According to Brasilia political consulting firms that monitor the progress of the proposed constitutional amendments, this proportion is typical of the other committees—Petroleum, Pipeline Gas, National Companies, and Cabotage.

It is under these circumstances, which contrast with the constitutional revision of 1993 and even more drastically with the 1988 Constituent Assembly, that one can understand the more discreet activity of the lobbies in the constitutional reform process. "With a proreform administration and Congress, business lobbyists are taking a different approach than in the 1988 Constituent Assembly and last year's revision," said Murillo Aragao, consultant and author of *Pressure Groups in the National Congress* [*Grupos de Pressao no Congresso Nacional*].

Of the three presidents who have governed Brazil during constitutional development processes—the other two are Jose Sarney (1988) and Itamar Franco (1993)—Fernando Henrique Cardoso is by far the most determined to change the Constitution. For the first time since 1988, the labels "proadministration" and "proreform" mean the same thing to the business lobby.

Having the administration, and to a lesser extent the Congress, on the same side has changed the tone of the business lobby's activities, but has not weakened it. Strong but poorly coordinated in 1988, this time businessmen have united in the so-called "business action" movement under the command of the National Confederation of Industry (CNI).

The CNI is to the constitutional reform what the Sao Paulo State Federation of Industries (FIESP) was to the Constituent Assembly and the revision. It's the same Mario Amato, former leader of the Sao Paulo association, who is now in command at the CNI.

The clearest impact of the CNI's role in the reform can be measured by the testimony at sessions of the special committees. The CNI was the only group to be invited three times to testify at public committee hearings. At one of them, when CNI director Antonio Sarmento appeared before the Special Petroleum Committee, FIESP, which had also been invited to send a representative, was absent.

The partnership between the government and businessmen in the proreform activities became clear in these committee meetings. During the constitutional revision under the Itamar Franco government, presidents and directors of state enterprises used to come to visit Congress like the shock troops of the "contras," and openly sponsored institutional campaigns in defense of the government monopolies.

This year, no longer able to count on their boards of directors to man the front lines of the "contras," state enterprises are depending more effectively on their labor unions. There is no doubt that these are the lobbyists who spend the most hours in the corridors and committees.

On the other side are the representatives of the administration who, along with the business lobbyists, dominate the testimony in the committees. During the three weeks when the special committees were taking testimony in public hearings, at least six ministers were called upon to give their proreform statements in the committee rooms.

One of the few entities to have a headquarters in Brasilia, the CNI quickly occupied the political maneuvering space in Congress, as representative not only of the industrial sectors but also of employer associations from agriculture, retail trade, and the financial market.

The profile of the subscribers to Legisdata—an online system carrying reports about the legislative branch—is a portrait of the tentacles of the CNI. They represent more than 50 member organizations, including the National Confederation of Agriculture (CNA), the Brazilian Federation of Banks (Febraban), the National Association of Automotive Vehicle Manufacturers (Anfavea), and the Brazilian Association of the Machinery and Equipment Industry—besides FIESP and all the state industrial federations.

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Keeping Legisdata up to date on the congressional agenda is the spearhead of the business lobby—composed of a half dozen advisers who roam the private offices of legislators and the committee rooms in search of information to feed into the system.

The entity finds a safe haven in the office of Rio Grande do Norte Senator Fernando Bezerra (PMDB). Bezerra is the official candidate to succeed Mario Amato as president of the CNI.

It is from there that the lobby is coordinated whose slogan, "the less noise, the better," is the opposite of the motto of the unions' movement at the Congress. Real corporate lobbyists don't wander the halls near the committee rooms. They schedule appointments and dinners and move about with discretion. "We don't buttonhole people in the corridors," said Geraldo Seabra, a CNI adviser.

[Box, p A-10]

Unions and Companies Allied

The subject of the most specific proposals now being shepherded through the constitutional reform, coastwise shipping, or cabotage, was thought to promise little controversy when its committee was set up in late February. Today it is this committee that houses the most peculiar lobby in the reform process—one that unites workers and businessmen in defense of the market reserve for the sector.

In testimony at a public hearing held last Tuesday by the committee that is studying the administration's cabotage proposal, the president of Transroll Navigation, of Rio de Janeiro, gave an example of how the interests of the business and trade union lobbies may dovetail.

"I come here on behalf of a sector that employs the ordinary long-suffering Brazilian. The shipping industry is a source of jobs for unskilled workers who find few opportunities on the labor market," said Washington Barbeito, president of Transroll.

As of the end of last week, 14 people had testified before the committee that is studying cabotage. Only five of them took positions that were clearly proadministration—Navy Minister Mauro Cesar Rodrigues Pereira; CNI representatives Luis Eulalio de Bueno Vidigal and Wagner Cardoso; Embratur [Brazilian Tourism Agency] President Caio Luiz de Carvalho; and Minister of Transportation Odacir Klein.

Allied with the shipyards are unions representing petroleum workers (77 percent of cabotage cargo is petroleum), stevedores, and sailors. The CNI and the tourism industry, which are encountering obstacles to the establishment of floating hotels under current legislation, are the principal business groups opposing the shipyards' lobbying against an end to the market reserve in the sector.

[Box, p A-10]

Who is Influencing the Committees?

[Following is a list of individuals who are lobbying the five special committees.]

—*Petroleum*: Hanyo Barreto, Petroleum Workers Union of Rio de Janeiro; Fernando Leite Siqueira, president of the Association of Petrobras Engineers; Antonio Sarmento, National Confederation of Industry; Joel Mendes Renno, president of Petrobras [Brazilian Petroleum Corporation]; Raimundo Britto, minister of mines and energy; Omar Carneiro da Cunha, former minister of mines and energy; Aureliano Chaves, former minister of mines and energy; Ozires Silva, former minister of mines and energy; Benedito Moreira, former president of Petrobras; Luiz Octavio da Mota Veiga, former president of Petrobras.

—*Gas*: Fernando Siqueira, former [as published] president of the Association of Petrobras Engineers; Bruno Armbrust, former president of the Rio de Janeiro State Gas Company; Robert Gross, president of the Brazilian Association of Gas Companies; Raimundo Britto, minister of mines and energy; Isda Correia Gomes, of Congas.

—*Telecommunications*: Sergio Motta, minister of telecommunications; Carlos de Paiva Lopes, former president of Embratel [Brazilian Telecommunications Co., Inc.]; Gaspar Diana, Embratel legal adviser; Brigido Roland Ramos, Interstate Federation of Telecommunications Workers; Marcio Wholers, UNICAMP [State University of Campinas]; Renato Archer, former president of Embratel; Osmar Correia Junior, president of the Brazilian Institute for Telecommunications Development; Jose Serra, minister of planning.

—*National Company*: Laerte Setubal, Sao Paulo State Federation of Industries; John Main, U.S. Chamber of Commerce; Antonio Fernandes Neto, Central Federation of Workers; Nelson Brasil, Brazilian Association of the Fine Chemicals Industry; Antonio Sodre Filho, professor of civil law, United Metropolitan Colleges (Sao Paulo); Elmer Prata Salomao, National Department of Mineral Production; Admiral Gama e Silva, former president of the Executive Group for the Amazon Region; Jose Serra, minister of planning.

—*Shipping and Cabotage*: Sergio Henrique Cavalcanti Salomao, president of the National Union of Maritime Shipping Companies; Caio Luiz de Carvalho, president

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of Embratur; Wagner Cardoso, National Confederation of Industry; Severino Almeida Filho, director-president of the National Union of Merchant Marine Harbor Pilots; Odacir Klein, minister of transportation; Abelardo Whickam Fernandes, president of the National Federation of Stevedores; Luiz Eulalio Vidigal Filho, National Confederation of Industry; Juan Clinton Lerena, member of the board, Docks Company of Imbituba, Santa Catarina; Mauro Cesar Rodrigues Pereira, minister of the Navy; Wagner Granja Victer, Engineers' Club, Rio de Janeiro; Washington Barbeito, president of Transroll Shipping; Carlos Frisoli, president of the National Federation of Port Operators; Francisco Wiesek, director of the Brazilian Association of Cabotage Shipowners; Manoel Silva Rodrigues, superintendent of Suframa [Manaus Free Trade Zone Superintendency].

PFL, PMDB Vie for Majority in Lower House

95SM0315D Sao Paulo GAZETA MERCANTIL in Portuguese 24 Apr 95 pp A1, A9

[Article by Brasilia correspondent Maria Cristina Fernandes]

[FBIS Translated Text] Ever since the dawn of the New Republic, the party of the president of the Republic has always been the one that gains adherents in the early months of an administration. That was how it was with Jose Sarney's PMDB [Brazilian Democratic Movement Party], which claimed as many as 300 legislators during his administration, and the PRN [National Reconstruction Party], which, while Fernando Collor de Mello was president, emerged from "dwarf" status to become a medium-sized delegation with 43 seats. During the Fernando Henrique Cardoso government, the logic of power as a tool has been turned upside down. The vice president's party is the one that is growing the fastest.

Vice President Marco Maciel let out a huge laugh when he heard this observation, but continued by saying, somewhere between modesty and pride: "That's the result of plenty of work by a cohesive party." In two months of legislative sessions, the PFL [Liberal Front Party] has gone from 89 to 93 legislators and is moving toward an attempt to merge with the PP [Progressive Party] and control 100 seats in the Chamber of Deputies by June. Attaining this ambitious goal would put the PFL in a position to compete with the PMDB (107 seats) for the position of largest party in the Chamber.

Alarmed by the PFL offensive, the PSDB [Brazilian Social Democracy Party] is trying to react this week by signing up 10 new party members, most of them deputies from the PP, which has become the most coveted group in the contest between *tucanos* and the PFL.

The objective in the battle with the PSDB is clear. The PFL wants to emerge from its supporting actor status that it held in the 1994 elections, so it can run its own candidate in 1998. "We want to be the dominant party in this country and elect the successor to President Fernando Henrique Cardoso," said Deputy Roberto Magalhaes (PFL-Pernambuco), powerful chairman of the Chamber's Constitution and Justice Committee.

Questioned about the future of its partnership with the *tucanos*, Magalhaes was blunt—"If they want to support us, they will be welcome." Preparations for a hypothetical situation where the president of the Republic's party does not run its own candidate to succeed him are already under way—a pretentious name, "PFL 2000," has been chosen for the 1996 municipal elections.

The party's plans for the year 2000 have a structure consisting of a committee (chaired by Roberto Magalhaes), subcommittees, and even a political marketing adviser—Mauro Salles, a publicist and charter member of the PFL.

"The party wants to bring out its social welfare side," said Salles, confirming that the PFL is considering possibly changing its acronym to PSL (Social Liberal Party) or PFSL (Social Liberal Front Party).

Deputy Jose Jorge (PFL-Pernambuco) is the standard-bearer for the idea of "taking the PFL to the masses." "We have always been in favor of the poor, but people never believed us," Jorge said. Roberto Magalhaes wants the change in the party's image to begin with the youth. "The party has always been viewed with reservations because of its *arenista* [reference to ARENA, National Renewal Alliance] origins and connections to the military," the deputy said. "Now that the PFL is beginning to be seen as a more program-oriented party, we need to take it to the young people."

The platform positions of PFL 2000 accommodate all the constitutional reform proposals made by President Fernando Henrique Cardoso "except the Social Security one."

Magalhaes admits that the fact that the Social Security proposal came from a PFL minister (Reinhold Stephanes) conflicts in principle with the "social" image the party wants to reinforce. "But the original proposal will not be the one that passes," said the chairman of the Constitution and Justice Committee, where the administration's proposed amendment, now chopped up into four parts, is languishing.

Last week, the reaction to the downsizing of the Federal Savings Bank, a response led by the party's Pernambuco delegation, exemplified the political dilemmas

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faced by the new social-liberalism the PFL plans to espouse. Inspired by the liberal playbook of the administration's economic team, the downsizing—which will entail the closing of the institution's superintendency in Pernambuco—was rejected by the party. "This is not liberalism. It is technocracy," argued Deputy Roberto Magalhaes.

Apr Debt Payments Draw Down Reserves

95SM0315B Sao Paulo GAZETA MERCANTIL in Portuguese 17 Apr 95 p 1

[Article by Brasilia correspondents Ivanir Jose Bortot and Raquel Stenzel]

[FBIS Translated Text] Brazil continued to lose reserves, and significantly so, in April. The hemorrhage in remittances at the free exchange rate slowed, but when interest payments on the foreign debt and the purchase of zero coupon bonds [preceding three words in English] called for under the agreement with the banks are included, the reduction of reserves during an 11-day period in April amounts to $1.7 billion.

Considering those payments, plus remittances at the free rate, losses accrued since the beginning of this year total $7.49 billion. The total bill, however, must also take into consideration the net results of movements at the floating rate, on which data are more difficult to obtain. The latest estimate available mentioned a net loss this year of $1.4 billion as of mid-March. That loss is likely to have grown.

All in all, it becomes fairly probable that foreign exchange reserves, which stood at $38.8 billion at the end of December, must now be slightly below the $30 billion mark. The actual figure, however, depends on certain accounts that the Central Bank (BC) does not publicize.

Payments of interest on the foreign debt amounted to $1.196 billion, and purchases of zero coupon bonds, used as guarantee under the debt agreement, were $254 million. Under the terms of the accord, those payments are made every six months, so the next blow will not be felt until the second half of the year.

Activity on the free-rate foreign exchange market in April indicated a $246 million shortfall, as of the 11th. This was cause for celebration at the BC when compared with the outflow of $4.041 billion that occurred in March.

The bad news built into this result was the finding of a slight increase in the imports exchange account, despite the restrictions imposed. The good news was a revitalization, albeit tenuous, in the entry of funds—especially on the capital and short-term funds markets.

Average daily closings of exchange on import transactions jumped from $160 million in the first seven days of April (five business days) to $285 million in the next four days (two business days). In all, exports totaled $1.757 billion as of 11 April, while imports reached $1.374 billion—a surplus of $383.8 million. BC experts think the persistently high volume of exchange closings on imports may perhaps be explained by fears that new restrictive measures are on the way.

As for financial exchange, the outflow of funds as of 11 April amounted to $1.409 billion, while inflows stood at $779.4 million. The deficit was $629.8 million, but as of the 7 April, $462.2 million had entered the country, i.e., $92 million a day. Between 8-11 April, $317 million came in, a daily average of $138.7 million.

BC specialists believe the rise in interest rates associated with a return to normality in the exchange area is bringing back some of the "smart money" [preceding two words in English] that had been leaving Brazil since the shock of the Mexican crisis.

Chile

Commentary Views Regional Economic Crisis Optimistically

PY0505165595 Santiago EL MERCURIO in Spanish 28 Apr 95 p A3

[Unattributed commentary: "Pessimistic Estimates"]

[FBIS Translated Text] Many experts who had predicted that the Latin American countries would experience a future of interesting developments began to change their minds after the Mexican crisis, which with varied intensity has made an impact on the rest of the region. Argentina was affected, and Brazil as well, to a lesser degree. Even the U.S. currency was affected by the Mexican crisis.

Michael Mussa, director of the IMF Research Department, has also made pessimistic estimates, such as a lower growth in GDP, which would go from 4.6 percent in 1994 to 2.3 in 1995 and 3.7 percent in 1996. The economist expects an average 4.2 percent growth per year up to the end of the century, which is lower than what was experienced during the fifties and sixties.

According to the International Finances Institute, to which important private bankers belong, the Mexican crisis has undermined the confidence of international investors, who after investing huge sums during 1993 and 1994 are now withdrawing their money, a trend that will be hard to reverse, and only after many years. It would be a process similar to that prompted by the foreign debt crisis in the early 1980's, when it took

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many years to reverse the crisis to then be able to once again attract foreign resources.

Chile might be the exception to this, due to its sound economic situation, its high domestic savings rate, its noticeable monetary and fiscal stability, the level of its prices, and its balance of payments. The development of huge investment projects will apparently continue, and foreign capital will apparently continue to flow into the country to finance those projects until they become fully operational and the investment can be recovered. It is quite likely that Chile will not receive loans as large as in the past, but it will continue to receive considerable capital resources through direct investment channels.

The somber panorama described for the region may be somewhat exaggerated. A 4.6 percent average growth until the year 2000 might not be bad, especially if we compare it with other parts of the world and the regional averages of the seventies and eighties. Moreover, one must take into account that Mexico and Argentina's problems are really of a financial nature, and have nothing to do with the productive sector, which has improved significantly due to the economic reforms of the past years, just as in other countries such as Peru, Bolivia, Colombia, and, to a lesser degree, Brazil.

The region is apparently experiencing a transitory crisis, which has still not ended, and which holds possible surprises. However, there is a new trend that is more liberal and seeks opening, a market trend that may open new opportunities for investments, for more savings, stability, and for greater productivity.

The association of private investors and bankers usually reacts exaggeratedly, and this may be the case again. Let us hope they are, and that the politicians of the region continue to work for the implementation of a free, stable, and open economy.

Foreign Minister Returns From European Tour

PY0505215795 Madrid EFE in Spanish 2210 GMT 29 Apr 95

[FBIS Translated Text] Santiago, 29 Apr (EFE) — Chilean Foreign Minister Jose Miguel Insulza returned to Santiago today following a tour through eastern Europe and Portugal. He commented on the need for greater economic links with the Czech Republic and Hungary.

Minister Insulza left Santiago on 22 April and arrived in Prague the following day. He started his official activities on 24 April. He then left for Hungary and Portugal.

Regarding his visit to the Czech Republic and Hungary, Minister Insulza said: "We evaluated several economic possibilities that I believe we have yet to really exploit."

He added: "A few years ago when the democratization of eastern Europe took place, we in Chile believed economic relations would really grow but this did not occur."

Insulza explained that hard work is needed to achieve that goal. He added: "I believe we have the basis to do it. Interest has emerged."

Insulza said these two countries "export much more to Chile than we export to them."

Regarding the most important aspect of his trip, Insulza said: "I saw a democratization process being consolidated there. They are facing problems somewhat similar to ours. The two countries have very substantially strengthened their economies."

Insulza referred to the eventual association with the EU. He said: "Portugal wants to help us. The other two countries will join by the end of this century."

Insulza added: "Talks were held on proposals and policies, and their effect on bilateral relations with Chile."

Deputies View Creation of Ethics Committee

95SM0290A Santiago EL MERCURIO in Spanish 2 Apr 95 p C2

[FBIS Translated Text] Valparaiso—The Chamber of Deputies has unanimously agreed to the creation of an Ethics Committee that will make it possible for the members of Congress to exercise self-control in their actions as public servants as well as in their legislative and supervisory functions.

The creation of an Ethics Committee for the Chamber of Deputies was approved unanimously last 21 March by the 103 members of that body who were present in the chamber. They authorized the chair to propose—within a period of 60 days—the bylaws of the committee, the procedure for its composition, and its functions.

The issue of congressional ethics is not new, inasmuch as it has been raised repeatedly for over two years both in the Chamber of Deputies and in the Senate in the form of motions and jointly sponsored bills none of which has prospered, for reasons that in the case of the Chamber of Deputies were more procedural than substantive.

Two years ago Deputy Jorge Schaulsohn (PPD [Party for Democracy]) introduced a bill to create an Ethics Committee in both houses of Congress. The bill was voted down in the Chamber by a margin of 39 to 24.

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Deputy Gutenberg Martinez (DC [Christian Democracy]) subsequently introduced a jointly sponsored bill that was not voted on because of a belief that it should be studied beforehand by the Internal Affairs Committee.

In June of last year, a majority of the senators opposed the proposal by Senate President Gabriel Valdes (DC) to create an Ethics Committee and to have the issue of congressional ethics constitute a new chapter in the Senate's bylaws.

The main argument for rejecting this proposal was the fear that the majority forces could use the committee for political advantage if its composition, the scope of its activities, and its powers were not specified. This continues to be the Senate's position.

The situation that the National Congress has had to face in recent months, primarily because of the accusations of possible drug use by its members—accusations that were made by Francisco Javier Cuadra, a former cabinet minister of the military regime, and subsequently corroborated by Independent Deputy Evelyn Matthei and supported by Deputy Pablo Longueira of the UDI [Independent Democratic Union]—has made the deputies quite amenable to the creation of an Ethics Committee in the Chamber of Deputies.

There are differences, however, concerning the membership of the committee, its powers, and its jurisdiction. Moreover, should limitations and safeguards be established, or should the committee have considerable freedom to act? There are also those who believe the committee might not need to be permanent but instead have the sole function of drafting a Code of Ethics.

According to Deputy Alberto Espina (RN [National Renewal]), a choice must be made between two alternative courses. One course would be for the Chamber of Deputies to have a Code of Ethics to clearly establish the border between what is considered to be unethical conduct in the exercise of public office, on the one hand, and lawful conduct that does not always wind up within the framework of the law, as for example conduct relating to influence peddling, secret information, accusations made responsibly, and inspections.

The second course would be to create a Permanent Ethics Committee in the Chamber, and—most importantly—to establish what its jurisdiction and powers should be and who would be able to convene it.

Espina stated that an Ethics Committee could offer many advantages, because—among other things—members of Congress could consult the committee in case of doubt concerning matters that they might have to deal with in the performance of their duties.

He added that there may also be risks, the most obvious of which is the fact that the committee would be formed on the basis of the acceptance of the principle of majorities and minorities, which would give control over ethics to the political majority and could lead to abuses of power. Given that possibility, Espina wants a study to be made of the committee's composition, powers, and procedures and also wants to determine whether the committee should be permanent or exist just long enough to draft a code of ethics that would resolve the doubts of the members of Congress.

Deputy Aldo Cornejo (DC) favors a committee that would consist of permanent members who would be appointed not by the political parties but in accordance with some other formula. "I am very optimistic," he said, "that the committee would function well provided no one attempted to exploit it. If such an attempt were made, it would mean the immediate demise of the committee."

Deputy Carlos Bombal (UDI) believes it is important that the president of the Chamber of Deputies be the one to propose the mechanism for establishing the Ethics Committee.

Bombal believes that what is needed is not the creation of a Code of Ethics but the inclusion of certain basic standards of ethical behavior in the Chamber's bylaws. "However," he said, "ethics should begin with the requirement that all members of Congress be prepared to give a public accounting of their acts in all matters of interest to the public, which means in practice all matters that relate to their duties. I do not agree that we should begin by establishing all sorts of reservations and safeguards."

Deputy Jose Antonio Viera-Gallo (PS [Socialist Party]) also said he preferred that the Committee center its attention on the moral and ethical behavior of the members of Congress in all matters that are of importance to the public and that can affect the public administration. He believes a Code of Ethics is not necessary and that general standards should be established in the Chamber's bylaws instead.

Jarpa Announces Return to Politics

95SM0290B Santiago EL MERCURIO in Spanish 9 Apr 95 p C3

[By Maria Angelica Venegas]

[FBIS Translated Text] Temuco—The former senator and former national president of the National Renewal party, Sergio Onofre Jarpa, announced in this city that he will return to public life because of his concern over the lack of political leadership, the corruption, and the

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bad economic agreements that are adversely affecting the nation.

The announcement by the former member of Congress—which was greeted by shouts and applause—was the main event of the celebration in Temuco of the eighth anniversary of the founding of the National Renewal party.

Jarpa was honored by his supporters following a speech by the district president of the party, German Becker.

In his address Jarpa said that since his retirement from public life he has viewed with concern the conduct of the government in the Laguna del Desierto case, among others, and also in the negotiations that are being carried out preliminary to the signing of international treaties.

He declared that Chileans need to take up the struggle over the great issues that are a source of concern to the nation. "I am prepared," he said, "to resume my place in the front line of the struggle for the nation and for its workers, its campesinos, and its farmers."

He explained that as a farmer he was not going to stay at home with folded arms waiting for others to take action.

He declared that charismatic leaders are not needed at the present time, and that he is returning to public life in order to form working groups.

"There have been times," Jarpa said, "when our leader failed us and we were left in a vacuum." He went on to say that there is "capability" within the ranks of the right, and that what is needed "is to get in tune with reality."

Jarpa's idea is to mobilize the sectors of production, culture, and agriculture and thereby enable the citizens to participate in the exercise of the leadership function that is being directed by the nation's political leaders.

"In a representative democracy," he said, "political parties play a very important role in the areas of leadership and organization, but if the working sector of the population does not participate and relies on others to act for it and defend its interests, we shall accomplish nothing."

The former senator says he is afraid that if "the struggle is not resumed, the nation is going to disintegrate" because of factors such as corruption, bad international agreements, drug addiction, and the lack of political leadership.

Jarpa emphasized that one example of this situation is the fact that "some government official is always having to go before the public and say that it is the president who is in charge."

Foreign Relations

Another matter that has disturbed the former president of National Renewal is the "wretched" leadership exercised by the Ministry of Foreign Relations.

He criticized the lack of foresight with which the international commitments are being assumed. "How can NAFTA be a good thing, if we are going to have to depend completely on the U.S. economy? We should remember what happened in the case of the poisoned grapes."

He also said it is important to determine what benefits will be derived from NAFTA and to understand the process by which the agreement is being negotiated.

We should also, he said, analyze the way the Laguna del Desierto case was handled, as well as the renewal of diplomatic relations with Cuba.

In concluding his address, Jarpa explained that his attitude has changed. "I am no longer as patient as I used to be," he said, and for that reason, he added, "you will have to accept part of the responsibility for these disappointments."

Party Leaders React to Statements

95SM0290C Santiago LA NACION in Spanish 10 Apr 95 p 6

[By M.P. Moya and M. Oliva]

[FBIS Translated Text] National Renewal [RN] President Andres Allamand has rejected the implication that the return of former senator Sergio Onofre Jarpa to the political scene means that Jarpa questions his performance at the helm of the party.

"I think it is a good thing," Allamand said in commenting on the reemergence of Jarpa. This is because, he explains, "Jarpa is an important figure in Chilean politics, and I have always believed that everyone who feels a strong motivation to participate has an obligation to do so."

Allamand denied that his leadership is in danger. "That would be engaging in speculation," he said. "I see no threat at all in the former senator's return to political life."

The central argument wielded by Jarpa to justify his reemergence was his declared intention to "fight against everything that threatens my country and my fellow countrymen." When questioned as to whether such threats exist in Chile at the present time, he said he had not discerned any "except," he added, "for those that derive from the fact that we have not been moving

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forward resolutely in respect to modernization nor have we been dealing adequately with our problems."

Meanwhile, Senator Sebastian Pinera—whose differences with Jarpa are well known—commented without emotion on Jarpa's reemergence. "As the former president of the party and a former senator," he said, "Sergio Onofre Jarpa has every right in the world to return to political life whenever he decides to do so." He explained, however, that this "does not mean that there is a leadership crisis within the center-right, much less within the RN."

Pinera added that the party is performing well and that "Sergio Onofre Jarpa will hopefully make a contribution to the good progress made by National Renewal in recent times."

The cautious reaction of Allamand and Pinera stood in contrast to the response of Senator Miguel Otero. "I applaud Jarpa's decision," Otero said. "I think it was an excellent decision."

Otero maintained that the retirement of the former RN president had been "a hasty decision by someone whose reputation was at its peak, because if he had not retired we would have had one additional senator and would actually have avoided a number of problems within the center-right."

He ruled out any possibility that Jarpa's decision implies criticism of the party or of Allamand personally, because in reality there are no differences between Allamand and Jarpa. "Do not forget," he says, "that Andres was, after all, a protege of Jarpa, who has always supported him without reservation."

Otero went on to say that Chile has serious problems that derive primarily from the "absolute contradictions" within the government—contradictions against which his group has taken a forthright stand. "I believe," he said in conclusion, "that Jarpa feels he has to play a role in this struggle and join those who are in the arena every day."

The DC: The "Return" of Someone Who Never Left

In the opinion of DC Vice President Jorge Pizarro, Sergio Onofre Jarpa has never left politics, because, Pizarro said, "he is always pulling the strings of a hardline, traditional, conservative, and reactionary right."

"Jarpa," Pizarro said, "is the leader of an important sector within the RN that felt it had been forced to take a back seat to the party's young leadership, which is advocating a right that is more progressive and democratic." He explained that in the light of the problems that this leadership is facing today, Jarpa has proclaimed his "return" as a warning that he is capable of regaining his leading role. "This means," Pizarro said, "that Jarpa will be able to take over the party leadership at the opportune moment."

Pizarro believes that Chile sees "very clearly that there has been an effort on the part of some sectors within the National Renewal party and also within the UDI [Independent Democratic Union] and the most extreme faction of the right to curtail the political projection of Andres Allamand."

The former senator, Pizarro concludes, "is the very personification of that sector of the right, and it is therefore no surprise that he is moving to the front of that sector at this moment."

The PS: He Polarizes the Debate and Strengthens the Right Wing

Sergio Aguilo, leader of the PS [Socialist Party] group of deputies, also commented on the reappearance of Sergio Onofre Jarpa on the political scene. "The RN's famous democratic youth patrol," he said, "to which Alberto Espina and Andres Allamand belong, has unfortunately been completely marginalized within its own party."

"Jarpa's involvement in this situation," Aguilo insisted, "has to do with the clarification of the assassination of Orlando Letelier at the hands of the DINA [National Intelligence Directorate], because we are about to have the Supreme Court hand down a definitive verdict, while in Italy a decision is about to be rendered concerning the attack on Bernardo Leighton and his wife."

"It is in Jarpa's interest," Aguilo concluded, "and in the interest of other mourners of the dictatorship who are sheltered even in military institutions, to have a smoke screen obscure the ethical and moral consequences that will result from these developments."

For his part, Senator Carlos Ominami (PS) believes that "Jarpa's reemergence serves to strengthen the hardcore right wing and will increase the polarization of the political debate. Moreover," he said, "it could constitute an attack on Allamand's presidential aspirations."

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Colombia

U.S. Rejection of Banana Marketing Proposal Called 'Severe'

PA1005041495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 10 May 95

[Daniel Rocha report from Washington from the "Seven O'Clock Newscast"]

[FBIS Translated Text] Relations between Colombia and the United States continue to suffer setbacks. Political problems are now compounded by trade problems. The U.S. Department of Commerce today flatly rejected the Colombian proposal that sought to improve the participation of U.S. banana marketing companies in the restricted European market. Commercial retaliations against our country are expected.

Colombian Foreign Trade Minister Daniel Mazuera Gomez visited the city of Washington. The charges of discrimination in the marketing of Colombian bananas by enterprises that economically supported some U.S. senators' campaigns have become a headache for the Samper administration. The first meeting was held this morning with U.S. Trade Representative Mickey Kantor. The Colombian Government delivered its proposal, but the response was not what was expected.

[Begin recording] [Mazuera] Well, I think the reply of the United States was severe. It was very rigid, and I might add that it was very firm regarding the U.S. position on this issue. Obviously, I believe there is a possibility for a solution later on; but I also believe the issue is far from being settled.

[Colombian Ambassador Carlos Lleras] The United States really has no reason for this complaint because it is not a banana producer or exporter. [end recording]

A work group comprised of the United States, Colombia, and Costa Rica will try to find a solution to this problem in a few weeks.

[Begin recording] [Mazuera] I feel moderately optimistic regarding the results that may be achieved there, although I must also recognize that the position of the United States is incredibly inflexible and rigid. [end recording]

Mazuera met with Ed Casey, a State Department official for trade affairs, in the afternoon. Although the banana problem might cause losses of approximately $5 million, the minister and the trade office here in Washington trust the impasse will be resolved in the next 90 days. Otherwise it would become one more of the problems that currently exist with the U.S. Government.

NAM Presidency Seen as Shield Against Isolation

PA0705041395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 7 May 95

[Report by Hollman Morris from the "AM/PM Newscast"]

[FBIS Translated Text] Colombia will assume the presidency of the Nonaligned Movement [NAM] in five months, which some believe will strengthen the country, for example, in dealing with the United States. Nevertheless, one of the nation's goals is to organize an all-out united fight against drug trafficking. Colombia's NAM presidency will prevent the United States from isolating us internatinoally.

[Begin recording] [Foreign Minister Rodrigo Pardo] Colombia needs to fight against anything that strives to isolate her just when the world is going the opposite way. The NAM is a shield for Colombia to counter the dangers of isolation.

[Unidentified reporter] Another hot topic is interference. What is your view of the fact that even before Colombia assumes the NAM presidency there is interference in the affairs of the Colombian presidency, specifically by the U.S. ambassador?

[Pardo] I believe that this is something that cannot be justified or explained, and it is not appropriate. I believe that the position of an ambassador in a country should be limited to explaining his country's position. [end recording]

Member countries are concerned about the position Colombia will assume on nuclear issues, something we do not know much about.

[Begin Pardo recording] We favor nonproliferation, dismantling of nuclear weapons, and a ban on nuclear testing. [end recording]

Colombia will have to face the big challenge of changing the old policy of confrontation for that of mutual cooperation for the sake of the development of humankind.

Poll Shows Decline in Samper's Popularity

PA0805215895 Mexico City NOTIMEX in Spanish 1547 GMT 7 May 95

[FBIS Translated Text] Santa Fe de Bogota, 7 May (NOTIMEX) — According to poll results published Sunday, Colombian President Ernesto Samper's approval rating has dropped from 56 percent to 42 percent over the past three months.

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"Yankelovich, Acevedo, y Asociados" informed that 37 percent of Colombians disapprove of the president's performance during his first nine months in office.

This drop in the president's popularity coincides with an intense offensive against the Cali Cartel, which has uncovered links between mafia members and various politicians. The poll, carried out in the main cities, showed 35 percent of those polled believe that investigations to expose drug trafficking infiltration in politics affect Samper negatively. Only 25 percent of those interviewed regarded the effects of the investigation as positive for the president.

Prosecutor General Alfonso Valdivieso has alluded to the power the Cali Cartel exerts over Colombia's financial, political, and business sectors. The results of his inquiries have prompted the authorities [word indistinct] investigate eight ruling Liberal Party (PL) congressmen, among other personalities.

Residents of Cali, the cartel's center of operations, were the ones showing a higher degree of disapproval of Prosecutor General Valdivieso, according to the opinion poll. Some 82 percent said they opposed the investigations, and 67 percent said they mistrusted Valdivieso.

Ecuador

Fujimori's Refusal To Talk With Duran-Ballen Noted

PA0905143695 Quito Voz de los Andes in Spanish 2300 GMT 8 May 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Peru again is reverting to aggressive statements which have obstructed, at least for one and one-half years, any possibility of a dialogue to resolve pending problems. Meanwhile, Ecuador insists on attaining peace and facilitating — and, unfortunately, in an unilateral way — a negotiated and peaceful settlement to the problem of delimiting the border.

This weekend, President Alberto Fujimori, who will rule Peru until the year 2000, stated in a visit to military detachments that he will not talk with his Ecuadoran counterpart Sixto Duran-Ballen to seek solutions to pending problems. Instead, he will meet with whoever succeeds Duran-Ballen in August 1996.

Public Describes 'Ideal President'

95P20767

[FBIS Media Note] On 11 March Informe Confidencial asked an unspecified number of Guayaquil and Quito residents to describe their "ideal president." The responses, published in Quito HOY on 9 April, were based on three questions:

Ethnic Group

Almost half—46 percent—of Quito respondents and only 23 percent of Guayaquil respondents said that the ethnic group of a president made no difference to them. However, white or mestizo were the most favored ethnic groups among 32 percent of Quito respondents and 48 percent of Guayaquil respondents. A black president was preferred among 17 percent of those polled from Quito and 21 percent of those polled from Guayaquil. Only 3 percent of Quito respondents and 6 percent of Guayaquil respondents said they preferred an Indian president despite recent reports in the media highlighting Indians' contribution to the defense of national territory during the conflict with Peru. The polling organization remarked that this revealed the attitude of "benevolent paternalism" that prevails among Ecuadoreans, who think that Indians are incapable of governing themselves, "let alone a nation."

Regional Origins

Although 46 percent of Quito respondents and 24 percent of Guayaquil residents polled said they were indifferent as to the regional origins of their president, Informe Confidencial remarked that regionalism always has been and will continue to be important in national politics. According to the polling institution, elections always exacerbate regional allegiances: 45 percent of Quito respondents said they would prefer a president from the highlands and 63 percent of Guayaquil respondents said they would prefer a president from the coastal area. During the current administration of President Duran-Ballen, a highlander, the pollsters continue, regional sentiments in the coastal area have become marked and will be a factor in the 1996 presidential elections.

Personality, Appearance

A serious president, rather than one with a sense of humor, is preferred by 53 percent of respondents from Guayaquil. On the other hand, while 37 percent of Quito respondents prefer a president with a sense of humor, 27 percent are indifferent. The overhwelming majority of respondents from both cities prefer a president in a business suit instead of casually attired.

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Electoral Scenario for 1996 Reviewed

95SM0322B Guayaquil EL UNIVERSO in Spanish 1 May 95 p 4

[Article: "For Next Year's Election: Nine Preliminary Candidates for President"]

[FBIS Translated Text] Quito. A little over a year before the general elections of 1996, there are nine preliminary candidates for the presidency. Three of them are independents.

Mentioned in political circles and in the public opinion polls are: Frank Vargas Pazzos, APRE [Ecuadoran Revolutionary Popular Action]; Jaime Nebot, PSC [Social Christian Party]; Abdala Bucaram, PRE [Ecuadoran Roldosist Party]; Jorge Gallardo, ID [Democratic Left]; Rodrigo Paz, DP [Popular Democracy Party]; Heinz Moeller, PSC; general Jose Gallardo, Jacinto Velasquez and Ricardo Noboa. The latter three are not affiliated with any political party.

The 1996 election requires immediate changes in the Electoral Law, in which certain legal precepts must be included that were approved in the referendum of August 1994, regarding the candidacies of persons who are not affiliated to parties.

The Supreme Electoral Tribunal, therefore, prepared a draft reform bill to the Electoral Law, which is now in the National Congress, where the votes are gathered that were given by the Ecuadoran people in the August 1994 referendum.

Changes to the constitution will include the possibility of immediate reelection to public offices filled by popular vote, except for the president and the vice president, who can be reelected after an intervening period. The midterm elections of deputies will also have to be defined.

The Supreme Electoral Tribunal will also have to define the time limits for registration of candidates, and redesign the electoral documents to allow room for the registration of independent candidates.

The Social Christians and the Roldosist Parties are the only political formations that have maintained the same candidates for a number of years, Jaime Nebot and Abdala Bucaram, respectively.

Abdala Bucaram has kept his place as a presidential candidate since 1988; Jaime Nebot appeared on the scene in 1992. Almost immediately after their electoral defeat in 1992, both presented themselves as potential candidates.

The conversations over consolidating an alliance are occurring at all levels because, although the parties on the right—such as the Social Christians—deny it, they are trying to establish a partnership with a center left party that has a following in the Sierra region.

The Roldosists are also having conversations with parties on the left, to ensure a victory in 1996. However, a breakdown in negotiations has been evident in recent weeks.

Meanwhile, the center left parties, such as the APRE, ID, DP, LN [National Liberation Party], FADI [Broad Front of the Left], CFP [Concentration of Popular Forces], and others, have intensified their talks, and the merger of the APRE and the Socialist Party has even been confirmed.

No preliminary candidates have yet emerged for the government parties and the PUR-Conservative.

Among the independents, there are preliminary candidacies of Jacinto Velasquez Herrera and Ricardo Noboa Bejarano, who are also having talks with the larger political parties for the purpose of establishing an alliance which will bring them to the presidency.

Emerging Candidates Examined

95SM0322C Quito HOY in Spanish 24 Apr 95 p 5A

[Article by Francisco Borja Cevallos: "Did the War Kick Over the Apple Cart?"]

[FBIS Translated Text]

The moment for decision nears.

As the headlines about the war with Peru disappear from the front pages, and 1996 approaches, political activities focused on the general elections of that year intensify. But the outlook is still far from clear. Perhaps it is more confused than ever. For many, the war "kicked over the political apple cart," but not for some. In any case, the extent to which the war affected it cannot be measured.

Jaime Nebot continues to be the most popular candidate, reflected in the polls, but he has dropped a few points. At this late date, he no longer runs the risk of ex-President Febres Cordero entering, for reasons of health; but on the other hand, Heinz Moeller, whose role in the war was seen favorably by many, is gaining, to the point where persons close to the president of the Congress believe that for him it is now or never. Will Heinz Moeller be as popular ever again as he is now?

It is possible that Nebot has entered a period of decline that many analysts saw coming for some time, because of the premature "timing" of his candidacy, which has been around for several years. His standard speech is well known, and his proposals spark decreasing interest, as many know them by heart.

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How far down will Nebot decline? The momentum he has gained will surely be enough to get him to the runoff election. Another dangerous factor for him is that the aura of invincibility that he possessed a few months ago has vanished. On the contrary, people even exaggerate their comments, attributing a greater loss of support to him than the polls show.

Paz Continues To Wait

Another possible candidate is Rodrigo Paz, who remains cautious because he surely hopes to be a unifying candidate for all forces, not only Popular Democracy.

In addition, he has said several times that his candidacy might or might not go forward. What is important is to find the man who can carry forward the banner of the center left.

He has postponed making a decision until June, which in large measure will be influenced by the decision taken by the ID [Democratic Left], whose support is very important. According to the latest poll by Informe Confidencial, the ID has about 20 percent of the votes in Pichincha, which could be extrapolated to the entire Sierra, which is not to be taken lightly. In the ID, several alternatives are apparently being considered: a candidate of their own, or supporting Paz, Vargas, or one of the "Eisenhowers" to have emerged from the war.

Noboa: From Very Far Down

Ricardo Noboa has put himself forward. He is starting from very far down, but he hopes to grow. He explains it by saying that, not having been a candidate, it is obvious that he must have little support in the polls. Time will tell whether or not he prospers. His appeal is based fundamentally on the recovery of the right wing of the independents, and on such virtues as integrity, honesty, etc.

Jacinto Velasquez continues as an independent preliminary candidate. It seems a trial balloon that could turn into a negotiating card for the vice presidency.

Fabian Alarcon and Federico Perez also seem to be vice presidential candidates, although Perez seems to prefer running for mayor of Quito, as his last-ditch defense of the province has given him a certain reputation as a regionalist.

Frank Vargas' Missteps

There are various alternative candidates who could face Nebot. The first to appear was Frank Vargas, who apparently is trying to recover from the error he probably committed with his premature alliance with the MPD [Democratic People's Movement], which isolated him with the extremists. Now, he is trying to find support in the center left. But perhaps he made another misstep on merging his party with the Socialists, who have a long history of confrontations — especially with the Democratic Left. Furthermore, this merger took place with the head of the Socialists, Victor Granda, who is not exactly a popular figure, while prominent persons like Diego Delgado left the Socialists. Vargas probably lost more than he gained with that second maneuver. On the other hand, Jaime Hurtado of the MPD is already considering the possibility of abandoning Vargas and going with a candidate of his own, if the general does not adopt a left revolutionary position. In the end, Vargas could find himself alone, which would not be irremediable, as his support is to him, personally, to his charismatic figure, and not to any ideological position, and even less to the parties associated with him so far.

Moeller: Now or Never?

Moeller is another card that the government is playing. The phrase "now or never" must be circulating inside the head of the president of the Congress, and the government knows it. If Gallardo opens to other sectors, the government could tempt Moeller into trying to repeat the Duran-Ballen phenomenon of 1992. There is already talk of a Moeller-Mario Ribadeneira combination, who nevertheless is also mentioned as paired with Nebot.

Abdala Bucaram will announce in May, but his strength has undoubtedly been diminishing, although as has always happened, he will have more votes than those who [passage not reproduced in original].

The "Eisenhowers" of the War

If the war, in fact, "kicked over" the apple cart, the obvious gainers are generals Gallardo and Moncayo, the unquestionable leaders at the victory of the Cenepa.

An Eisenhower-style candidate could emerge from this. In fact, general Gallardo has already allowed for the possibility of running, which many considered an error because of the inopportune character of the announcement, when the aftermath of the war was still too fresh.

It is likely that Gallardo committed another error: not clearly separating the responsibility of the Armed Forces during the conflict from the Foreign Ministry's responsibility after the ceasefire. It was surely due to loyalty to the government — a virtue — that the minister of defense did not separate in a timely way the military victory from what might become a diplomatic failure that could "boomerang" against all of the participants in the conflict. A few days ago, pressed by the media, the minister said that the return of Tiwinza to Ecuadoran hands is the job of the Foreign Ministry. But, in fact,

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the entire handling of the matter since Itamaraty to date has been a matter of political decision, without military interference.

The government hopes that Gallardo will be its candidate, possibly with Ricardo Noboa, whose own candidacy does not rule out negotiations.

But Gallardo also has the option of opening the spectrum wider and, instead of "isolating himself" with the government, trying to become the alternative to Nebot. Such pairings are mentioned as Gallardo-Diego Cordovez, Gallardo-Cesar Verduga and Gallardo-Moeller.

Congressional Goals, Accomplishments Discussed

95SM0322A Quito EL COMERCIO in Spanish 22 Apr 95 p A3

[Unattributed article]

[FBIS Translated Text] On assuming the presidency of Congress on 10 August 1994, Heinz Moeller set two objectives: to return a favorable image to Congress and to speed up the work of the legislature.

In a way, fate has helped him: Many things in national politics have changed with the war, and Congress and his parliamentary bloc (the PSC [Social Christian Party]) were beneficiaries.

In the polls — made public in Congress last month — there is citizen approval of Congress's work of 70 percent in Guayaquil and 50 percent in Quito. A great change: At the end of 1994, about 50 percent of citizens believed that the performance of Congress was bad or vary bad.

Moeller himself agreed with the reason for this change: the role undertaken by the legislators during the border conflict. The activities of various diplomatic commissions that travelled abroad was one factor. And the determining factor was the adherence of members of Congress to the national cause.

Nevertheless, this phenomenon will automatically redound to the credit of Moeller's leadership. He will go down in history as the president of Congress who raised the approval level of that body.

On the other hand, the conflict also allowed a broad margin of freedom to congress to pass several proposals, while public attention was fixed on the conflict.

And that is another point in Moeller's political favor.

In the plenary session of Congress, the PSC has a plurality: 12 of the 28 members. From 23 February until the end of March, 22 bills were passed. From the beginning of the year until 23 February, only six bills were passed.

Of the 22 bills, seven were presented by the PSC. They included the law reforming the Labor Code (approved), which eliminated the ceiling on benefits to workers, and the law establishing the social fund for the improvement of retirement benefits (vetoed in its totality).

The remaining 12, including bills, reforms, and reconciliations, were presented by the executive (8), the Liberal Party (2), the PUR [Republican Unity Party] (1), and the MPD [Democratic People's Movement] (1).

However, the executive vetoed most of the proposals. Three PSC proposals were vetoed in toto, and three received partial vetoes.

Moeller thus gave momentum to the work of the Congress and thus fulfilled his second objective.

Peru

Observers Witness Withdrawal of 'Last Peruvian Troops'

PY1005024595 Lima America Television Network in Spanish 0100 GMT 10 May 95

[FBIS Translated Text] The mission of military observers from the guarantor countries traveled to Zarumilla today to witness the withdrawal of the last Peruvian troops from the border.

In addition the police carried out an operation 50 meters from the international canal, which had turned into a marketplace of contraband products for Peruvians and Ecuadoreans.

The mission of observers from the guarantor countries of the Rio de Janeiro Protocol, headed by Brazilian Air Force Colonel (Warner Eustaquio de Araujo), arrived at 1000 in Tumbes. The mission was also made up of Chilean Air Force Major (Luis Illis Salgado), Argentine Army Major (Nestor Ruben Encinas), U.S. Army Captain (Paul Burton), and U.S. Army Sergeant (Miguel Angel Buruy). Immediately afterwards mission members travelled to Zarumilla, where they witnessed the withdrawal of the last Peruvian troops from this border zone.

The Peruvian troops expressed their willingness to return to the frontline should the Rio de Janeiro Protocol be violated or an attack carried out.

A woman named (Quispe de Zapata) informed journalists that her son, who is in the Peruvian Army, is missing. Her son and another Peruvian soldier were allegedly abducted by four Ecuadoran intelligence agents. Thus far there has been no official report made on this incident.

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The head of the mission, Brazilian Col. (Warner Eustaquio de Araujo), said that a group of observers are simultaneously doing the same job in Ecuador.

Over 1,000 people, among them Peruvians and Ecuadoreans, turned Playa Azul, in Aguas Verdes, into a marketplace where contraband moved freely from one country to the other. In view of this the police decided to intervene, driving the Peruvians back some 50 meters from the international canal. This prompted a lot of Ecuadoreans who were in Peruvian territory to hurry back to their country, jumping over the international canal.

Some Peruvian merchants said they were in favor of reopening the border, while others are against it, saying that it should be demarcated before being reopened.

A Peruvian citizen was detained for insulting a policeman and causing a riot. The individual was released shortly afterward.

The commander of this operation, Major (Fernando Mego), said that surveillance will be maintained to prevent further contraband, which causes so much damage to the country.

Army-Subversive Confrontation Reported in Junin

PY0905182995 Lima Radio Programas del Peru Network in Spanish 1700 GMT 9 May 95

[FBIS Translated Text] The confrontation between contingents of the 31st Infantry Division and narco-terrorist criminals in the place called Aurora, in the Ene River Valley, Satipo Province, Junin, has ended with one dead and two wounded within the Army.

A communique issued by the political-military command in the national security subzone of the center in Huancayo states that Noncommissioned Officer Segundo Chauflauque Cruzado of the Peruvian Army died in the confrontation. The wounded are Lieutenant Alberto Doria Valenzuela and Second Sergeant Leoncio Chavez Valdeon.

The communique adds that an unspecified number of narco-terrorists were also killed or wounded.

Fujimori: Elections Helped Privatization Process

PY0605001595 Lima EL PERUANO in Spanish 27 Apr 95 p A2

[FBIS Translated Text] President Alberto Fujimori said last night that the privatization of state companies after the elections, which were held two and a half weeks ago, has enabled Peru to earn more than $100 million, as shown by the success of the privatization of the Cahua Hydroelectric Plant and the Continental Bank.

Fujimori said: "The post-election effect helped Peru earn at least $100 million." He added: "It was not wise to continue with the privatization process during the electoral process, but rather afterward."

Fujimori pointed out that privatization is a process "that will essentially fulfill its commitment of removing from the backs of the poor people the burden of the deficits and losses of public companies."

President Fujimori made these comments in a speech closing the Master's in Administration Program of the Business Administration School for Graduates, in which 109 new professionals graduated.

Fujimori, who congratulated the new graduates, emphasized the importance of managing companies with excellent results. He felt the new graduates "will give the best of themselves to manage institutions, companies, and organizations in a more rational way in a country like Peru, which is moving ahead quite rapidly."

In the morning, President Fujimori inspected, from a helicopter, several Lima settlements in order to put into operation several community projects.

For one and a half hours, Fujimori took detailed notes on the problems of extremely poor sectors to include them in the overall development program in the areas of road construction; education; health; and basic services like electricity, water, and other services.

Leftists Ask JNE To Suspend Fujimori's Electoral Victory

PY1005004295 Lima LA REPUBLICA in Spanish 29 Apr 95 p 11

[FBIS Translated Text] United Left [IU] and APRA [American Popular Revolutionary Alliance] representatives have asked the National Election Board [JNE] to suspend the proclamation of President Alberto Fujimori as the winner of the 9 April elections until a number of irregularities that occurred before and after the elections are clarified.

Luis Iparraguirre (IU) and Vitalino Gallardo (APRA) sent a letter to JNE President Ricardo Nugent stating that "the disappearance of 37,000 electoral records containing 7.4 million presidential votes and 14.8 million optional votes [numbers as published], in addition to voting identification and other materials that could have been used to change electoral records," is a grave irregularity that has not been duly clarified.

The IU and APRA representatives said that the discovery was simply the final straw that broke the camel's back, as other irregularities had been noted previously, such as the 3,000 false electoral records found

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in Huanuco, the president's use of state resources for electoral purposes, and the appearance of some Armed Forces active duty officers as voting station members. All these irregularities were committed before election day.

The IU and APRA representatives said that some things were not clear after the elections, either, such as the 2,988,897 votes for congressmen and the 778,076 votes for president that were annulled because it was discovered that many electoral records registered more votes than the number of possible voters.

The opposition parties' representatives also pointed out that there are 1.2 million votes that do not exist. The number is the difference between total votes for president and total votes for congressmen.

Iparraguirre and Gallardo also expressed concern over the withdrawal of the OAS observers, who have postponed the delivery of their report on the elections.

Commentary Views Consolidation of Economic Program

PY0905221595 Lima EL PERUANO in Spanish 29 Apr 95 p A2

[Editorial: "Consolidation of the Economic Program"]

[FBIS Translated Text] The goals of the economic program — which was launched in August 1990 — were to fight inflation, achieve economic recovery, and develop a social program to consolidate these policies and improve the standard of living of the poorest groups.

The achievement of these goals depended on a solid and efficient pacification strategy, which was needed for social and economic growth.

It was also necessary to implement a number of structural reforms and to establish a new model of economic development based on efficiency, modernity, and international competitiveness.

The reforms included trade liberalization; a deregulation of the financial system's capital, labor markets, and prices; a reformulation of public administration activities; the privatization process; and incentives for private and foreign investments.

The economic program sought to achieve its objectives through two mechanisms: A fiscal and a monetary policy.

The fiscal policy determined a strict handling of fiscal accounts and the spending of only what was collected through taxes and foreign financing.

The monetary policy worked for monetary stability, making possible a gradual remonetization of the economy, exclusively through the entry of foreign currency. This has contributed to the recovery of our international reserves and the achievement of real changes in the search for international competitiveness.

This strict fiscal discipline, with the adequate handling of the monetary and foreign exchange policies, has enabled — in the fifth year of this administration — a reduction of inflation to rates that were unthinkable in 1990. It is important to reiterate that the government will continue to implement policies to maintain the current trend in the inflationary curve.

Finally, the process of reinsertion has meant a lot of sacrifices for our country, but it has recovered our credibility, gained the recognition of the international financial community, and enabled us to receive new credits to benefit productive activities and the population in general. This international recognition is an important element in our economic development because it encourages national as well as foreign investments.

Uruguay

Foreign Minister Ramos Interviewed on Priorities

PY0905154295 Montevideo EL PAIS in Spanish 28 Apr 95 Market Indicators Section p 1

[Interview with Foreign Minister Alvaro Ramos by unidentified EL PAIS reporter; place and date not given]

[FBIS Translated Excerpt] [EL PAIS] What are the priorities on Uruguay's agenda for negotiations in 1995?

[Ramos] Uruguay has clearly stated that, regarding economic and political negotiations, the region is considered uppermost on the list of priorities. We must move ahead in the consolidation of Mercosur [Common Market of the South] decisionmaking structures established in the Ouro Preto Protocol. Uruguay is to assume the presidency of the Mercosur as of June 1995, which will bring about an enhancement of decision-making bodies. Besides, Montevideo will be chosen as the headquarters of the executive secretariat.

We consider that it is important to keep a close eye on the negotiations Mercosur is conducting with other areas. The Miami summit set into motion a complex mechanism for holding negotiations on the political front. On the economic front, the objective is to establish a hemispheric free trade zone.

The EU has proposed and obtained a mandate to negotiate a framework agreement with the Mercosur, which could be signed this December. This would enable us to start negotiations concerning a free trade zone between the EU and Mercosur.

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Parallel to this, the Mercosur is negotiating with Chile, Mexico, and the Andean Pact, with the United States and NAFTA.

As you can see, we are holding concurrent negotiations on different fronts while we are trying to consolidate the customs union.

The Mercosur has not been designed as a well-protected fortress to defend itself against extra-regional trade, but rather to promote trade liberalization and to project itself beyond the region — as a springboard and never as a fortress.

The backdrop for all these processes is the outcome of the last round of GATT talks and what the World Trade Organization [WTO] has consolidated thus far. We believe that all these concurrent negotiations are most important; still we have only one doubt, which becomes a major executive responsibility. The WTO had no sooner been established than we were committed — without having even assimilated the results of the Uruguay Round — to several negotiating sessions with countries of the region. This situation obliges us to rethink the steps we are taking so as not to affect the preferences obtained in GATT, the WTO, and Mercosur.

This leads us to another top priority for us, which is that Mercosur not lose credibility in the eyes of Uruguayan economic agents.

[EL PAIS] What is your assessment of the latest negotiations in Asuncion?

[Ramos] I assess them positively because we have consolidated Mercosur decision-making bodies. This is perhaps the first time since Ouro Preto [December 1994] that a decision that Brazil could have taken unilaterally was put forward for consideration by the other three Mercosur partners.

I also assess them positively because Brazil had originally requested a list of exceptions containing 300 items, rotating or changing every three months, and now we are talking about 150, of which only 75 will change or rotate. A consultation mechanism has also been approved so that we can have the reactions of the members within a 48-hour period, and another 10-day consultation mechanism for the harmonization of negotiations.

We are also talking about lists of products on which our country can make rule of thumb decisions on the basis of the products that are defined by Brazil. For example, if an Uruguayan industry that exports to Brazil uses the same raw materials as a Brazilian industry, then in order to avoid symmetry in competition, we could make similar decisions. We are also in a position to establish a mechanism that would take into account the seasonal nature of agricultural products; thus, the regional offering of a certain product must be exhausted before a decision is made. And, mechanisms of permanent revision must be added to all of this.

[EL PAIS] What were Uruguay's objectives during those negotiations?

[Ramos] We gave our negotiators a five-point mandate: To preserve the basic aspects of Mercosur as a customs union, and this implies common trade policies.

To guarantee the margins of preference and access to markets because Uruguay is assuming a cost within the customs union on the basis of future benefits, such as the definitive access to that market.

To take advantage of the reduction of the tariffs made by the Brazilians in order to do the same in the cases where we can benefit.

To identify permanent mechanisms to resolve this type of occasional crises.

To take advantage of these negotiations to incorporate safeguard mechanisms against unfair trade practices.

I believe that these objectives were obtained in Asuncion. We are now facing a process in which occasional crises that arise with any one of the partners can be looked after with a certain flexibility. [passage omitted]

[EL PAIS] Argentina and Brazil made bilateral contacts in 1994 to discuss exchange and macroeconomic measures. What is Uruguay's position regarding its participation in the discussion of these topics?

[Ramos] There have been advances in this respect, and today the macroeconomic policies are convergent, at least. We must not forget that we did not even have that when Mercosur was born. Uruguay's role is to play for stability.

Uruguay has participated in all the meetings of Mercosur's organizations, and at the same time it has maintained bilateral contacts in which topics pertaining to the coordination of the region's macroeconomic policy have been discussed.

[EL PAIS] How are the negotiations on institutions and unfair trade practices coming along?

[Ramos] We are advancing very slowly in that respect. On this occasion, we have placed on the table the topics of legislation for the control of unfair trade practices and legislation pertaining to antidumping [preceding word in English] and an agricultural umbrella. [passage omitted]

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Venezuela

Students Clash With Police in Caracas; 3 Police Hurt

PA0805175195 Caracas Venezolana de Television Network in Spanish 1550 GMT 8 May 95

[Report by Adriana Cabrera from "The News" newscast]

[FBIS Translated Text] Chaos erupted once again in downtown Caracas after students of the Fermin Toro High School took to the streets to protest. If the intent was to stage a peaceful demonstration, the sense of the action was lost after the youths, wielding stones, sticks, and everything they could get their hands on, clashed with members of different security corps, who used bird shot and tear gas against the students.

Fermin Toro High School students this Monday resurrected the violent incidents that occurred on 5 May last year, when their fellow student German Sotillo was killed. The objective of the protest was to demand that the death of the student not be left unpunished.

What began as a peaceful demonstration at 0830 turned into a confrontation between students and police officers. It became a war of stones, bottles, and cement blocks against bird shot and tear gas. This demonstration forced street closures close to this high school as well as stores located in the area.

Fifteen students were arrested early this morning after Colonel Rafael Damian Bustillo, deputy commander of Metropolitan Police, and three motor brigade policemen were injured.

The National Guard and Disip [Directorate of Intelligence and Prevention Services] also appeared at the scene to control the situation.

[Begin recording] [Unidentified police officer] We tried to remove two vehicles they were going to set ablaze. Several police officers have been injured, including the deputy commander of the Metropolitan Police.

We have been forced to block off the area because this protest has become too aggressive. We even called up Disip explosive officials to defuse several pipe bombs that have been dropped here.

[First unidentified student] We are protesting the increase in food prices and the death of our fellow student, which happened one year ago last Friday. The government did not mark this event. Moreover, the policeman who killed our fellow student is now driving the water truck.

[Second unidentified student] We are protesting the suspension of constitutional guarantees by the government. This measure has only been used against the people, and it was adopted to be used against bankers. [end recording]

Fogade To Issue Bonds To Pay Depositors at Certain Banks

PA0505144695 Caracas EL NACIONAL in Spanish 3 May 95 p D-6

[Report by Telmo Almada]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar and the Chamber of Deputies Finance Committee yesterday discussed a draft of articles that will be included in the Finance Emergency Law so depositors at banks where there have been interventions will have a state guarantee for as much as 10 million bolivares. "We have reached an agreement with both the executive and the legislature to give depositors at banks affected by interventions the same treatment given to Banco Latino depositors," he said.

The amount of the resources to be guaranteed by the state when the proposal is approved has not yet been determined, but according to Matos Azocar, "this amount depends on Fogade's [Deposit Guarantee and Banking Protection Fund] capability to place bonds on the market with the support of assets in its possession."

These Fogade bonds will serve to pay the executive's debt with the Central Bank of Venezuela and reimburse bank depositors. According to the proposal discussed yesterday, depositors with more than 10 million bolivares in banks where there have been interventions "can capitalize their deposits in state banks." That is to say, they can get their deposits back as a result of asset liquidation or other operations, as happened with Banco Latino depositors.

Matos Azocar said this decision "will not have a fiscal effect" because the operations with the Fogade bonds that will provide the funds to reimburse depositors' money will have a 30-year deadline. The official said "a mutual agreement has been reached between the executive and the legislative to enforce this decision."

Matos Azocar also said that according to Finance Ministry estimates, "the December regional elections can be very well managed with approximately 6.5 billion bolivares" instead of the 9 billion requested by the CSE [Supreme Electoral Council]. "The 9 billion request was based on estimates that 100 percent of the Venezuelan people would cast their votes and the certitude that 20 percent will. We think an estimated 70 percent of voters and a certitude of 20 percent is perfectly all right," he said.

He said the funds will not come from additional credits but from "the infeasibility of some programs," that is to

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say, cuts in the budgets of ministries and other public agencies.

This same policy of cuts will finance the Defense Ministry's request for additional funds to raise the salaries of Armed Forces members and the additional funds requested by the Education, Sanitation, and Border Affairs Ministries.

The minister also said that the improved status of Venezuelan oil products on the international market will bring an additional fiscal revenue of 230 billion bolivares.

Matos Azocar met yesterday with foreign reporters in Venezuela and announced that in a few days, several measures will be outlined to attract foreign investors. These measures include amending Decree 326, which established the exchange control system, to introduce a new chapter giving better treatment to the movement of dividends, profits, and repatriation of foreign capitals from Venezuela. Another key point in making the exchange system more flexible is establishing later controls on foreign currency allocated for imports.

Industry, Political Officials View Anti-Inflation Pact

PA0705190595 Caracas Venezolana de Television Network in Spanish 1550 GMT 5 May 95

[Report by Zaida Pereira from "The News" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] [Announcer] Development Minister Werner Corrales has announced that the letter of intent for the anti-inflation pact will be signed next week when the president returns from Rome. Zaida Pereira is here with reactions from various groups involved in the pact.

[Pereira] Following a long meeting with advisers and representatives of the industry, commerce, food, labor, and credit union sectors, Development Minister Werner Corrales said the letter of intent expresses the resolve of all groups to counter inflation, and that is the first step. The anti-inflation pact itself will take a little longer.

[Corrales] "To talk of strong controls over any specific variable or similar measures is incompatible with the objectives of an agreement such as this. The main element of the commitment is not just the obligation of each party to comply with what they offer but to allow the other parties to follow up and complement them."

[Alexis Delgado, Federation of Industries representative] "We believe we are doing this the right way, as we discussed today, particularly if we are going to sign such an important agreement and launch such a major project as the anti-inflation pact."

[Simon Nobile, Venezuela Food Industry Chamber representative] "We hope this agreement is signed within the next few days with the full support of the Venezuelan community."

[Pereira] Nevertheless, the commercial sector, represented by the National Council of Commerce and Services [Consecomercio], said it is drafting new guidelines for the pact and will sign the letter of intent only if it is clear that the production sector cannot be forced to freeze its prices or stop layoffs.

[Consecomercio representative Elesio Sarmiento] "In order to achieve a natural, voluntary price stabilization, we must implement coherent government policies directed at immediately reducing inflation."

[Pereira] The Venezuelan Council of Industry [Conindustria] believes that making the transportation bonus and subsidy bonus part of workers' wages, if the court so rules, and paying up to 10 million bolivares to savings account holders at banks where there were interventions constitute highly inflationary factors that would jeopardize the pact. The industrialists also said the government has not yet implemented its austerity plans.

[Conindustria representative Pedro Carmona] "The important and most difficult part of the agreement is defining quantitative goals and the specific commitments each party would make toward the execution of this anti-inflation plan. These issues have been included in the document, and each party must now state its obligations very precisely."

[Pereira] The political sector believes the agreement should be signed, although it too established conditions.

[Eduardo Fernandez, president of the Social Christian Party] "The country needs an anti-inflation policy more than an anti-inflation agreement."

[Deputy Antonio Ledezma of the Democratic Action Party] "If the anti-inflation pact fails, the country will see more distrust, uncertainty, and discouragement."

[Deputy Gustavo Marquez of the Movement toward Socialism] "It is quite clear that the government cannot face inflation on its own, especially now when inflationary variables are so high."

[Pereira] The labor sector, through the Venezuelan Workers Confederation [CTV], noted that private interest continues to prevail over common interest.

[CTV representative Federico Ramirez Leon] "Fedecamaras and Consecomercio insist on having no price regulation whatsoever. It would seem that they are not satisfied with the wave of inflation they have already created

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with the rise in prices. Consequently, they are demanding that the government lift price restrictions."

Poll Assesses Caldera's Reliability, Government's Work

PA1005044695 Caracas EL NACIONAL in Spanish 8 May 95 p D-2

[Report by Rosita Caldera]

[FBIS Translated Text] An opinion poll taken in the Caracas metropolitan area to assess President Rafael Caldera and the effect of his governmental measures was conducted by the firm Opinion Research de Venezuela, according to which Caldera's reliability remains above that of other figures, although his government is severely criticized.

According to the study, 39.3 percent of those polled said the work of Caldera's government is poor; 31.5 percent regarded it as fair, and 28.6 percent regarded it as good. The latter is further broken down like this: 17 percent think it is "good;" 5.8 percent, "good enough;" and 5.8 percent, "very good."

The harshest critics were from Libertador and Sucre municipalities, where 43.8 percent and 32.9 percent of those polled, respectively, regarded the government's work as poor.

The study was based on field work carried out in the Caracas metropolitan area from 4 to 11 April using expert pollsters who worked under permanent coordination and supervision.

The pollsters interviewed 549 people in Libertador, Chacao, Sucre, El Hatillo, and Baruta municipalities. Those selected were men and women older than 17, from all social and economic levels, who were registered in the electoral records. The method used was chance interviews with people in high pedestrian traffic areas.

The range of opinions on President Caldera were as follows: 41.4 percent, poor; 29.8 percent, fair; 16.1 percent, good; 6.1 percent, good enough; and 6.1 percent, very good.

Of the total number of persons who called the work of the administration "poor," 19.6 percent belong to the lower economic class, described as "E" sector, and 42.5 percent belong to the "AB" sector.

According to location, 46.5 percent in Libertador and 32.6 percent in Sucre said the government's work is "poor;" 33 percent in Baruta, 25.8 percent in Sucre, and 23.9 percent in Hatillo described the government's work as "good;" 27.9 percent in Hatillo and 26.1 percent in Chacao think the work is "good enough," and 23.4 percent in Chacao think it is "very good."

This result, when compared with a study conducted in February, shows an increase in the unfavorable opinion slightly higher than one point. The February poll showed these results: 47.3 percent saw the government's work as "poor;" 20.2 percent, "fair;" 16.1 percent, good; and 8.1 percent, good enough; and 8.2 percent, "very good." The same question regarding Caldera's work showed the following results: 40.6 percent, poor; 21.2 percent, very good; 10.3 percent, good; and 7.8 percent, good enough.

Reliability

Those polled were asked about political personalities with greater credibility. The results placed Caldera above everyone else. He scored 18.6 percent. In descending order, he is followed by Irene Saez with 9.3 percent; Antonio Ledezma with 6.2 percent; Hugo Chavez with 5.5 percent; Aristobulo Isturiz with 4.3 percent; Escovar Salom with 3.3 percent; Andres Velasquez with 2.4 percent; Matos Azocar with 1.4 percent; Ochoa Antich with 1.4 percent; Pablo Medina with 1.4 percent; Enrique Mendoza with 1.3 percent; Ramos Allup with 0.8 percent; Uslar Pietri with 0.7 percent; Claudio Fermin with 0.6 percent; Arnaldo Arocha with 0.5 percent; Herrera Campins with 0.4 percent; Chitty La Roche with 0.3 percent; Jose Vicente with 0.3 percent; and Msgr Moronta with 0.1 percent. Nevertheless, 30 percent said they do not believe in anyone.

Preferences

The poll included a consultation on preferences for political parties in Caracas. These were the results: Convergence, 25.4 percent; Copei [Social Christian Party], 18.7 percent; Radical Cause, 17.5 percent; MAS [Movement toward Socialism], 8.4 percent; and MBR-200 [Bolivarian 200 Revolutionary Movement], 3.2 percent.

Business-Government Meeting Held With Colombia

PA0905170495 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 8 May 95 p 15

[FBIS Translated Text] The Second Binational Business-Government Integration Meeting between Colombia and Venezuela was held thanks to the initiative of the Colombian-Venezuelan Economic Integration Chamber, the Development Ministry, Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry], and the Foreign Trade Institute.

Finance Minister Luis Raul Matos Azocar and Werner Corrales, development minister and president of the Foreign Trade Institute, represented Venezuela. Foreign Trade Minister Daniel Mazuera and Economic De-

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velopment Minister Rodrigo Marin Bernal represented Colombia.

Other participants were Fedecamaras President Edgar Romero Nava; Carlos Arturo Angel, president of the Association of Colombian Industrialists; and Jose Enrique Yaber and German Jaramillo, presidents of the Venezuelan and Colombian Chapters of the Colombian-Venezuelan Economic Integration Chamber, respectively.

Among some of the most important issues discussed at the event was the improvement in the field of integration achieved during the past few years. The binational process was described as a highly positive event that has generated greater revenues and benefits for the two countries.

Regarding this issue, Minister Mazuera said politicians and enterprises are willing to work toward the timely consolidation of integration. Marin Bernal said binational economic integration is a process in which light prevails over shadows that can be dispelled by the private sector's active participation in the search for confidence.

The Venezuelan authorities' opinions coincided with those of their Colombian colleagues. Corrales emphasized that the binational relationship is no longer regarded as a unilateral benefit but, instead, both governments regard the economic opportunities of the two countries as complementary. In the same context, Minister Matos Azocar announced that the possibility of making exchange regulations even more flexible is being considered.

In addition, Jose Enrique Yaber, president of the Colombian-Venezuelan Economic Integration Chamber, Venezuelan Chapter, reported that since November businessmen of the two countries have undertaken the task of studying products whose volumes and qualities may prove competitive in third markets.

After a preliminary study of 48 products, the number of Colombian-Venezuelan exportable offers aimed mainly at the U.S. market was increased to 80. This will yield additional revenues for both countries worth approximately $300 million — a fact that demonstrated the positive scope of binational integration and was highlighted during this meeting of businessmen and authorities.

Finally, it was pointed out that trade between Colombia and Venezuela could amount to $2 billion thanks to the high flow of imports and exports, investments, and the application of the Andean Preferences Law (ATPA), to which Colombia is signatory and Venezuela has formalized its application.

Roundup of Economic Developments

PA0905160595

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 9 May.

According to figures released by the Venezuelan Central Bank, the Consumer Price Index for the Caracas metropolitan area has reached its highest level of the year, rising 4.1 percent in April. In March, the index rose 3.2 percent. As a result of the latest increase, the accrued variable rate for the January-April period is now at 13.4 percent. (Caracas EL NACIONAL in Spanish 3 May 95 p D-6)

Central Bank President Antonio Casas Gonzalez contends that the wave of speculation and the approval of the subsidy coupon, or bono subsidio, may have exacerbated inflation in April. He conceded that the situation is worrisome, because April's increase was the sharpest of the year. However, he said he is convinced that, with the anti-inflation pact and the reduction of liquidity, everything will return to normal. (Caracas Venezolana de Television Network in Spanish 0200 GMT 5 May 95)

In 1994, the private manufacturing sector employed 410,037 people, showing an 11 percent decline in the work force. This means 51,606 people lost their jobs and that policies to curb unemployment are failing to address the country's needs. (Caracas EL UNIVERSAL in Spanish 8 May 95 Section 1 p 12)

Hugo Ancieta, president of the Venezuelan-Peruvian Chamber for Integration, has announced that Venezuela and Peru will invest $200 million this year in bilateral commercial projects. The mining sector will garner the largest share of these investments. (Caracas EL UNIVERSAL in Spanish 8 May 95 p E-10)

Guyana

GAC Plane Checked in U.S., Grounded in Canada

FL0905182295 Bridgetown CANA in English 1629 GMT 9 May 95

[FBIS Transcribed Text] Georgetown, Guyana, May 9, CANA — A top official of the local Civil Aviation Department (CAD) has confirmed that the state-owned Guyana Airways Corporation's (GAC) lone international aircraft was grounded over the weekend by Canadian aviation authorities.

The Boeing 757, a 202 seat carrier leased in 1993 from an American company, reportedly violated stringent Canadian safety requirements laid down by that country's Civil Aviation Authority and U.S. Federal Aviation Authority (FAA) safety regulations.

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The CAD official, who declined to be named, told CANA Monday, a maintenance check carried out on the plane in the United States failed to detect a computer snag which was subsequently discovered when the plane arrived in Toronto, Canada.

He said Canadian and U.S. officials decided to ground the plane until the fault was rectified.

The Boeing 757 aircraft services GAC's North American and Caribbean routes and scores of passengers booked to travel over the weekend from Georgetown were delayed and will now have to travel tomorrow.

GAC's general manager Fazil Khan told CANA during a brief telephone interview that the fact that the aircraft was grounded on Friday made it difficult for the company to sublease another plane in time to avoid the disruption of the airline's schedule.

Meanwhile, an airline source told CANA the aircraft is now in the southern American state of Texas undergoing maintenance work and is due to arrive in Guyana tomorrow.

He indicated that the corporation is losing in excess of U.S.15 million every day that the plane is grounded. This includes crew and transportation costs.

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